THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT)

CONFORMED BOND ORDINANCE

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THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

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

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the sanitary sewerage collection and treatment portion of the System (collectively, the "Sanitary Sewerage System"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the Sanitary Sewerage System (further defined herein as the "Sewer Treatment Plant Project") should be financed, as provided under the Act, in whole or in part, from the proceeds of multiple series of combined utility system revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, as well as the costs of issuance of such bonds;

WHEREAS, the Issuer has determined to initially finance the costs of the Sewer Treatment Plant Project through the simultaneous issuance of three series of combined utility system revenue bonds designated, and in the not to exceed amounts, as follows:

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt), in the aggregate principal amount of not more than $100,000,000 (the "Series 2016 A Bonds");

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), in the aggregate principal amount of not more than $30,000,000 (the "Series 2016 B Bonds"); and

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), in the aggregate principal amount of not more than $10,000,000 (the "Series 2016 C Bonds," and collectively with the Series 2016 A Bonds and the Series 2016 B Bonds, the "Sewer Treatment Plant Project Bonds").

WHEREAS, the Issuer has determined to enact this Ordinance to authorize the issuance of the Series 2016 A Bonds (the "Series 2016 A Ordinance"), such Series 2016 A Bonds to have such security and such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer is, simultaneously with the enactment of this Series 2016 A Ordinance, considering separate Ordinances to approve, respectively, the issuance of the Series 2016 B Bonds (the "Series 2016 B Ordinance") and the Series 2016 C Bonds (the "Series 2016 C Ordinance" and, collectively with the Series 2016 A Ordinance and the Series 2016 B Ordinance, the "Sewer Treatment Plant Project Bond Ordinances");

WHEREAS, the Issuer has determined that the design, acquisition and construction of certain extensions, betterments and improvements to the potable water raw water supply and storage, treatment, treated water storage and distribution system (the "Potable Water System"), specifically including, but not limited to, the design, acquisition and construction of a new water reservoir and the installation of emergency generators to serve certain facilities in the Potable Water System, and all necessary appurtenances (collectively, the "Water Reservoir Project"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined to finance all or a portion of the costs of the Water Reservoir Project through the issuance of its The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 D (Tax Exempt), in the aggregate principal amount of not more than $40,000,000 (the "Series 2016 D Bonds"), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, pursuant to an ordinance of the Issuer (the "Series 2016 D Ordinance") enacted simultaneously with the enactment of the Sewer Treatment Plant Project Bond Ordinances;

The Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds (collectively, the "Series 2016 Bonds") will be issued on a parity with one another, the Prior Bonds, and any Additional Parity Bonds (as hereinafter defined) with respect to their lien on and security interest in the Gross Revenues of the System, and the Series 2016 A Bonds shall contain such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 A Bonds.

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

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

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto, the authorized officer for which will be the Board's General Manager.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, the Prior Bonds and any Additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 A Bonds in substantially the form set forth in "EXHIBIT A – FORM OF SERIES 2016 A BONDS," attached hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"Independent Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs, and specifically shall not include any certified public accountant who is an employee of either the City or the Board.

"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 Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

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

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2016 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

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

"Operating Expenses" means the reasonable, proper and necessary costs 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, fees and expenses of the Authority, fiscal agents, 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; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the 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; and (d) with respect to determining the number or percentage of Bondholders 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 2016 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds, and Series 2015 E Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2016 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2016 A Bonds are privately placed, the price paid by the first buyer of the Series 2016 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2016 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2016 A Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Sanitary Sewerage System" means, collectively, the sanitary sewerage collection and treatment portion of the System.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000.

"Series 2012 C Bonds" means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000.

"Series 2013 A Bonds" means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260.

"Series 2014 B Bonds" means the Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421.

"Series 2015 A Bonds" means the Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568..

"Series 2015 B Bonds" means the Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586.

"Series 2015 C Bonds" means the Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813.

"Series 2015 D Bonds" means the Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394.

"Series 2015 E Bonds" means the Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300.

"Series 2016 Bonds" means collectively, the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and, if issued, the Series 2016 D Bonds.

"Series 2016 A Bonds" means the Combined Utility System Revenue Bonds, Series 2016 A of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

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

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

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

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

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

"Series 2016 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds.

"Series 2016 B Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $30,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 C Bonds" means the Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $10,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 D Bonds" means the Combined Utility System Revenue Bonds, Series 2016 D (Tax-Exempt), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, in the aggregate principal amount of not more than $40,000,000, the proceeds of which will be used to finance the costs of the Water Reservoir Project.

"Sewer Treatment Plant Project" means, collectively, the acquisition and construction of certain additions, betterments and improvements to the System, including the design, acquisition and construction of improvements to the wastewater treatment plant located in Star City which is part of the Sanitary Sewer System.

"Sewer Treatment Plant Project Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds and the Series 2016 C Bonds.

"Sewer Treatment Plant Project Bond Oriniances" means, collectively, the the ordinances authorizing the Sewer Treatment Plant Project 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, Bond Insurer provisions (if any) and other terms of the Series 2016 A Bonds and authorizing the sale of the Series 2016 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2016 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Sewer Treatment Plant Project and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said municipal waterworks, sewerage and stormwater system from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 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 Monongalia County of said State.

B. The Issuer presently owns and operates, through the Board, a public combined waterworks, sewerage, and stormwater 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 City and specifically of the Sewer Treatment Plant Project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the System, specifically including, but not limited to, the rehabilitation and improvement of the wastewater treatment plant located in Star City, and all necessary appurtenances; (collectively, the "Sewer Treatment Plant Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Board.

C. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000, to permanently finance a portion of the costs of acquisition and construction of the Sewage Treatment Plant Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Sewer Treatment Plant Project; amounts which may be deposited in the Series 2016 A Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance policy, debt service reserve account insurance policy or debt service reserve account surety bond; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Sewage Treatment Plant Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Sewage Treatment Plant Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase

agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are or will be outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Prior Bonds, and the Issuer's Series 2016 B Bonds and Series 2016 C Bonds, to be issued contemporaneously with the issuance of the Series 2016 A Bonds, and the Issuer's Series 2016 D Bonds, which will be issued either contemporaneously with, or after, the issuance of the Series 2016 A Bonds.

Prior to the issuance of the Series 2016 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds. The Series 2010 A Bonds, Series 2010 F Bonds, Series 2012 C Bonds and Series 2014 B Bonds do not require written consent from the holders thereof.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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

G. The Issuer intends to issue the Series 2016 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, to pay the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds and the Prior Bonds, to pay the

principal on the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

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

J. The Series 2016 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2016 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2016 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 A Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. Prior to construction, the Issuer will have complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Water Reservoir Project and the System and issuance of the Series 2016 A Bonds including but not limited to Chapter 24, Article 2, Paragraph 11 (l).

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2016 A Bonds, all of which shall be of

equal rank and without preference, priority or distinction between any one Series 2016 A Bond and any other Series 2016 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE SEWER TREATMENT PLANT PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Sewer Treatment Plant Project. There is hereby authorized and ordered the acquisition and construction of the Sewer Treatment Plant Project, at an estimated cost of not more than $140,000,000, of which up to $100,000,000 will be obtained from the proceeds of the Series 2016 A Bonds, up to $30,000,000 will be obtained from the proceeds of the sale of the Series 2016 B Bonds and up to $10,000,000 will be obtained from the proceeds of the sale of the Series 2016 C Bonds.

ARTICLE III
THE SERIES 2016 A BONDS

Section 3.01 Form and Payment of Bonds. No Series 2016 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2016 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the

Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2016 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 A Bond in the principal amount of said 2016 A Bond then Outstanding.

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

Section 3.03. Authentication and Registration. No Series 2016 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2016 A Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2016 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed

to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2016 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 A Bonds. The Series 2016 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2016 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2016 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2016 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 A Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 A Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2016 A Bonds that have been called for redemption.

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

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

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

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

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

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

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2016 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

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

Official notice of redemption having been given as aforesaid, the Series 2016 A Bonds, or portions of the Series 2016 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 A Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2016 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2016 A Bonds. For the purposes of paying a portion of the costs of the Sewage Treatment Plant Project, capitalizing interest on the Series 2016

A Bonds, paying the premium for a municipal bond insurance policy, funding the Series 2016 A Bonds Reserve Account with proceeds of the Series 2016 A Bonds or paying the premium for a municipal bond debt service reserve insurance policy, in a amount equal to the Series 2016 A Bonds Debt Service Reserve Requirement and paying costs in connection with the issuance of the Series 2016 A Bonds, there shall be issued the Series 2016 A Bonds of the Issuer, in an aggregate principal amount of not more than $100,000,000. Said Series 2016 A Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in one or more Supplemental Resolution(s), and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2016 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $100,000,000); shall bear interest at such rate or rates, (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

any actions necessary from time to time to comply with the requirements of the Representation Letter.

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

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

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

Section 3.12. Delivery of Series 2016 A Bonds. A. The Issuer shall execute and deliver the Series 2016 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to DTC for the benefit of the Original Purchaser;

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

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

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

Section 3.13. Form of Series 2016 A Bonds. The definitive Series 2016 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those

officers executing such Series 2016 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2016 A Bonds. Upon the issuance and delivery of the Series 2016 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

2. if a Municipal Bond Insurance Policy has been obtained to secure the payment of the principal of, and interest on, the Series 2016 A Bonds, the premium for such Municipal Bond Insurance Policy shall be paid to the Bond Insurer.

3. An amount of the proceeds of the Series 2016 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2016 A Bonds Reserve Account; provided, that to the extent the Series 2016 A Bonds Reserve Requirement is satisfied in whole or in part from a municipal bond debt serve reserve insurance polity, letter of credit, surety bond or other credit facility, proceeds of the Series 2016 A Bonds shall be deposited in the Series 2016 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 A Bonds Reserve Requirement.

4. The amount of Series 2016 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 A Bonds shall be deposited with the Depository Bank in the Series 2016 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2016 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there

hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2016 A Bonds from which such proceeds are derived.

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

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

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) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2016 A 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 is established by Prior Ordinances or the Sewer Treatment Plant Project Bond Ordinances) with and shall be

held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

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

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

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

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

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

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

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

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

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

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

(25) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2012 C 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 2014 B Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2014 B Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

(35) Series 2015 C Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2015 C Bonds Reserve Account (established by Prior Ordinances);

(35) Series 2015 D Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2015 D Bonds Reserve Account (established by Prior Ordinances);

(37) Series 2015 E Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2015 E Bonds Reserve Account (established by Prior Ordinances);

(39) Series 2016 B Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(40) Series 2016 B Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(41) Series 2016 C Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(42) Series 2016 C Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(43) Series 2016 D Bonds Sinking Fund (established by ordinance authorizing the Seroes 2016 D Bonds);

(44) Series 2016 D Bonds Reserve Account (established by ordinance authorizing the Seroes 2016 D Bonds);

(45) Series 2016 A Bonds Sinking Fund; and

(46) Series 2016 A Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

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

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to for payment of interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2014 B Bonds, Series 2015 A Bonds;

(ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of interest on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 A Bonds on the next ensuing semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2016 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of principal on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) for deposit in the Series 2016 A Bonds Sinking Fund (and in the Series 2016 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the

amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective reserve accounts for the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2016 A Bonds or upon completion of construction of the Sewer Treatment Plant Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 A Bonds Reserve Account, as a result of a decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Bonds Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 A Bond Reserve Account Requirement.

Amounts in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 A Bonds when due, when amounts in the Series 2016 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2.5% 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 Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2016 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2016 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond 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 2015 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer, through the Board, shall invest and reinvest, and shall instruct the Bond 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, though the Board, 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, through the Board, may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

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

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

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 A Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(F) Notwithstanding the foregoing, all monies deposited in the Series 2016 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2016 A Bonds in such manner and to such extent as may be necessary, so that such Series 2016 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of

a Federal information return with respect to such Bonds) so that the interest on the Series 2016 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in

order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2016 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2016 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2016 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2016 A Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 A Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2016 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 A Bonds or the interest thereon.

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

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law. Copies of such rates and charges so established may be obtained from the Board by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B Bond, the Series 2016 C Bonds and the Series 2016 D 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 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.

The Issuer expressly reserves the right to reduce the rates for the System in effect as of the date of issuance of the Series 2016 A Bonds in the event that, based on a certificate of an Independent Certified Public Accountant, even after any such decrease in rates, the Issuer will meet the requirements of the Section 6.04 and is not in default under any other provision of any ordinance authorizing in bonds or other indebtedness secured by the Gross Revenues of the System.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Sewer Treatment Plant Project.

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

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $1,000,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $1,000,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $1,000,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond

Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2016 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds, Series 2016 B Bonds, Series 2016 C Bonds or Series 2016 D Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements for the System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds or the Prior Bonds, refunding all or a portion of any series any Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the

adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2016 A Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the

Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Gross Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues with the Series 2016 A Bonds except in the manner and under the conditions provided in this section.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 A Bonds remain Outstanding, the Issuer or the Board 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 Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance

to protect the interests of the Board and the Issuer during construction of the Sewer Treatment Plant Project in the full insurable value thereof.

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

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 Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any

other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Sewer Treatment Plant Project to carry such workers' compensation coverage for all employees working on the Sewer Treatment Plant 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 Sewer Treatment Plant Project.

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

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

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or

instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2016 A 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 Board relating thereto.

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

The Issuer or the Board shall , at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year.

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.

Any such house, dwelling or building from which emanates sewage or

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2016 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2016 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2016 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2016 A Bonds during the terms thereof is, under the terms of such Series 2016 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2016 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2016 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 A Bonds or $5,000,000 are

used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2016 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2016 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2016 A Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2016 A Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Covenants Regarding the Municipal Bond Debt Service Reserve Insurance Policy. The Issuer intends to obtain a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Account. In the event such Municipal Bond Debt Service Reserve Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.20. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or 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 Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by the Mayor. The Mayor and Clerk are further authorized to take all actions necessary for the Issuer to comply with the Continuing Disclosure Agreement.

Section 6.21 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 A Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 A 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.

Section 6.22. Bond Purchase Agreement. The Series 2016 A Bonds shall be sold to the Original Purchaser pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance, the Mayor is specifically authorized and directed to execute the said Bond Purchase Agreement in such form as may be approved by the Supplemental Resolution, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the said Bond Purchase Agreement to the Original Purchaser.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2016 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2016 A Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2016 A Bonds contained, and such default shall have continued for a period

of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances, or the Series 2016 B Bonds, the Series 2016 C Bonds or the Series 2016 D Bonds or the ordinances authorizing such bonds.

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

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

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

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

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute all pro rata, with respect to the Prior Bonds and the Series 2016 Bonds, in accordance with the respective principal amounts then Outstanding.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every

such right and power may be exercised from time to time and as often as may be deemed expedient.

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

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

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

Whenever all that is due upon the Series 2016 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and

further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

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

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

ARTICLE VIII
REGISTRAR AND PAYING AGENT

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

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

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

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 A Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which

event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

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

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

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

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

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow

trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

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

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders

in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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

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

C. The amount of fully registered Series 2016 A Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2016 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 A Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

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

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

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

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]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the Bond Insurer and the Original Purchaser.

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

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

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 A Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of February, 2016, at 7:00 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 10.14. Effective Date. This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading: January 5, 2016

Second Reading: January 19, 2016

Effective following
Public Hearing held on: February 2, 2016

THE CITY OF MORGANTOWN

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 MORGANTOWN at a regular meeting of the City Council held on February 2, 2016, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this 1st day of December, 2016.

[SEAL]

Linda L. Tucker
City Clerk

EXHIBIT A - FORM OF SERIES 2016 A BONDS

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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 _____, _____, 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 Morgantown Combined Utility System Revenue Bonds, Series 2016 A" (the "Series 2016 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of Sewer Treatment Plant Project: [(ii) to capitalize interest on the Series 2016 A Bonds;] [(iii) pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds;] [(iv) to fund a reserve account for the Series 2016 A Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds] in an amount equal to the Series 2016 A Bonds Reserve Requirement; and (v) to pay certain costs of issuance of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of

1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS");

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,605,260 (THE "SERIES 2013 A BONDS");

(16) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2014 B DATED JULY 23, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $505,421 (THE "SERIES 2014 B BONDS");

(17) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $137,568 (THE "SERIES 2015 A BONDS");

(18) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,586 (THE "SERIES 2015 B BONDS");

(19) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 C (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,111,813 (THE "SERIES 2015 C BONDS");

(20) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 D (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,688,394 (THE "SERIES 2015 D BONDS");.

(21) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 E (WEST VIRGINIA SRF PROGRAM), DATED JUNE 11, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $662,300 (THE "SERIES 2015 E BONDS"), (COLLECTIVELY, THE "PRIOR BONDS");

(22) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016

B (TAX-EXEMPT-EXTRODINARY OPTIONAL CALL), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B BONDS");

(23) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 C (WEST VIRGINIA SRF PROGRAM), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 C BONDS"); AND

(24) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 D (TAX-EXEMPT), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 D BONDS').

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____ Year (____1)_____ Principal Amount

Bonds Maturing ____1, 20

_____ Year (____1)_____ Principal Amount

* Final Maturity

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

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

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

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

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Sewer Treatment Plant Project, capitalize the interest on the Series 2016 A Bonds for a period of _____, [pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of and interest on the Series 2016 A Bonds, [fund a reserve account for the Series 2016 A Bonds/pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the reserve account for the Series 2016 A Bonds] in amount equal to the Series 2016 A Bonds Reserve Requirement, and pay costs of issuance of the Bonds, and there shall be,

and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 A Bonds.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

[Manual or facsimile signature]

_____

Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, 2016.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

The City of Morgantown

Combined Utility System Revenue Bonds, Series 2016 A

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT) AS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A; PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; APPOINTING A REGISTRAR, PAYING AGENT AND DISSEMINATION AGENT FOR SUCH BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, The City of Morgantown (the "Issuer") in the County of Monongalia, State of West Virginia, is a municipal corporation and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on February 2, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND

PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2016 A (Tax-Exempt) in an aggregate principal amount not to exceed $100,000,000, in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") for the purposes of financing a portion of the Costs of the Project, as defined in the Series 2016 A Ordinance (as hereinafter defined);

WHEREAS, the Issuer desires to re-designate the Bonds approved in the above-described Ordinance as "Combined Utility System Revenue Bonds, Series 2016 A" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and other amendments and modifications, and such amended and modified Ordinance is hereinafter referred to as the "Series 2016 A Ordinance."

WHEREAS, the Series 2016 A Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2016 A Bonds should be established by Supplemental Resolution or by a Certificate of Determinations, that a Registrar, Paying Agent and Dissemination Agent be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for by a Supplemental Resolution of the Governing Body or pursuant to a Certificate of Determinations executed by the Mayor, that additional covenants and provisions relating to the Series 2016 A Bonds be provided for therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2016 A Bonds and/or providing a Municipal Bond Debt Service Reserve Insurance Policy for such Series 2016 A Bonds and that other matters pertaining to the Series 2016 A Bonds be provided for by a Supplemental Resolution of this Governing Body or by a Certificate of Determinations executed by the Mayor;

WHEREAS, the Series 2016 A Bonds are proposed to be purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), and behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible terms for the Series 2016 A Bonds, the Mayor, or the Mayor's designee, shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Mayor shall determine most advantageous to the Issuer, or not at all, and the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor, or the Mayor's designee, to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Series 2016 A Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official

Statement relating to the Series 2016 A Bonds, hereinafter described, be approved, that the Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2016 A Bonds be herein provided for all in accordance with the Series 2016 A Ordinance;

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

SECTION 1. The previously authorized "Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt)," are hereby re-designated as "Combined Utility System Revenue Bonds, Series 2016 A" and the Ordinance enacted February 2, 2015 authorizing the issuance of the Bonds to pay a portion of the Costs of the Project is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying a portion of the Costs of the Project, (ii) funding a debt service reserve account for the Series 2016 A Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) paying, if determined to be financially advantageous to the Issuer, the premium for a Municipal Bond Insurance Policy, and (iv) paying costs of issuance of the Series 2016 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2016 A Bonds in an aggregate principal amount not to exceed $100,000,000.

SECTION 2. Pursuant to the Series 2016 A Ordinance and the Act, this Series 2016 A Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2016 A Bonds. The Series 2016 A Bonds shall be issued in the aggregate principal amount not to exceed $100,000,000, bear interest at a rate not to exceed 6.0%, payable semiannually, shall mature no later than December 1, 2041, and shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor, or the Mayor's designee, pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2016 A Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the "Series 2016 A Certificate of Determinations"). The Series 2016 A Bonds and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2016 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

SECTION 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor, or the Mayor's designee, of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2016 A Bonds, including the payment of all necessary fees and expenses in connection therewith.

SECTION 4. Proceeds of the Bonds shall be expended solely for the purposes set forth in the Series 2016 A Ordinance.

SECTION 5. 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, in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof,

shall be and the same are hereby authorized, approved and directed. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

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

SECTION 6. A. The Dissemination Agreement, to be dated the date of execution and delivery of the Series 2016 A Bonds (the "Disclosure Agreement"), by and between the Issuer and Digital Assurance Certification, LLC, in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

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

SECTION 7. 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 attached hereto as EXHIBIT E and 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 8. The Registrar Agreement by and between the Issuer and the Registrar designated herein, substantially in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof, shall be and the same are hereby authorized, approved and directed. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 9. The General Manager and Assistant General Manager of the Morgantown Utility Board ("MUB") are each, individually, hereby authorized to approve invoices and requisitions for payment of Costs of the Project, specifically including, but not limited to, requisitions of proceeds of the Series 2016 A Bonds.

SECTION 10. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel and disclosure counsel to the Issuer in connection with the issuance of the Series 2016 A Bonds.

SECTION 11. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2016 A Bonds. The Issuer hereby appoints and designates Digital Assurance Certification, LLC, as dissemination agent for the Series 2016 A Bonds.

SECTION 12. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2016 A Bonds. The General Manager of MUB is hereby authorized to designate the depository bank for the proceeds of the Series 2016 A Bonds.

SECTION 13. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants and provisions shall be set forth in the Series 2016 A Certificate of Determinations, shall apply to the Series 2016 A Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2016 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Fund for the Series 2016 A Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2016 A Certificate of Determinations, shall apply to the Series 2016 A Bonds, and shall be supplemental to, and amendatory of, the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. 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 2016 A Bonds, to the end that the Series 2016 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 16. The notice addresses for the Paying Agent, Registrar and Dissemination Agent shall be as follows:

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301
Attention: Executive Director

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

DISSEMINATION AGENT
Digital Assurance Certification, LLC
390 North Orange Avenue
Suite 1750
Orlando, FL 32801-1674

SECTION 17. The financing of a portion of the Costs of the Project with the Proceeds of the Series 2016 A Bonds and issuance of the Series 2016 A Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

SECTION 18. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2016 A Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2016 A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

SECTION 19. The Mayor and City Clerk, and all other appropriate officers and employees of the Issuer, are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2016 A Bonds to be duly and properly issued by the Issuer and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Series 2016 A Supplemental Parameters Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

SECTION 20. This Series 2016 A Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 1st day of November, 2016.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

[SEAL]

Attest:

_____
City Clerk

CERTIFICATION

Certified a true copy of a Series 2016 A Supplemental Parameters Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on November 1, 2016, which Series 2016 A Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: December 1, 2016.

By: Linda L Tucker
City Clerk

627490.00049

EXHIBIT A – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

CONFORMED ORDINANCE

See Tab 1

EXHIBIT B – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

FORM OF CERTIFICATE OF DETERMINATIONS

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Series 2016 A Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on November 1, 2016 (the "Series 2016 A Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), hereby finds and determines this ____ day of November, 2016, as follows:

1. The Series 2016 A Bonds shall be dated December 1, 2016 shall bear interest on _____ 1 and _____ 1 of each year commencing _____, 2017.

2. The Series 2016 A Bonds shall be issued in the aggregate principal amount of $_____. The interest rates on the Series 2016 A Bonds do not exceed 6.0%, being the maximum interest rate authorized by the Series 2016 A Ordinance.

3. The Series 2016 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2016 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2016 A Bonds shall [not] be subject to [optional and/or mandatory] redemption [as set forth on Schedule 2 attached hereto and incorporated herein.]

6. The Series 2016 A Bonds shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount[premium] of $_____).

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

8. [The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by _ _____ ("_____") to secure the payment of principal of, and interest on, the Series 2016 A Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the

Municipal Bond Insurance Commitment (the "Series 2016 A Insurance Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to _____.]

9. [Pursuant to the Series 2016 A Insurance Commitment, and, as permitted by Section 1_ of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2016 A Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Series 2016 A Ordinance and applicable to the Series 2016 A Bonds.]

10. [The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by _____ ("_____") to fund the Series 2016 A Bonds Reserve Account will result in a cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Series 2016 A Reserve Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to _____.]

11. [Pursuant to the Series 2016 A Reserve Commitment, and, as permitted by Section 15 of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Reserve Account are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2016 A Bonds.]

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

WITNESS my signature the day and year first written above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

SCHEDULE 1 – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A BOND TERMS

Bond No.	Maturity Date (__ 1)	Principal Amount	Interest Rate	Price or Yield

SCHEDULE 2 – CERTIFICATE OF DETERMINATIONS

REDEMPTION PROVISIONS:

SERIES 2016 A BONDS

[to be inserted after pricing]

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Commitment

[insert]

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

Municipal Bond Debt Service Reserve Insurance Commitment

[insert]

EXHIBIT C – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

TAX COMPLIANCE POLICY

THE CITY OF MORGANTOWN (WEST VIRGINIA)

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by The City of Morgantown, West Virginia (the *"Issuer"*), as the issuer, with these rules in connection with the issuance of the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "*Tax-Exempt Bonds*"). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

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

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

Expenditure of Proceeds for Governmental Costs

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

- Bond proceeds will be disbursed pursuant to the Bond Ordinance, and will be a written order of an Authorized Officer, stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property in conformity with the Tax and Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond-financed property.

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by The City. If

proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

- Requisitions will be in accordance with expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.

- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:

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

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

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

Expenditure of Proceeds

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

- Reserve funds cannot exceed the least of 10% of bond proceeds, maximum annual debt service, or 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other "working capital" costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.

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

Use of Bond-Financed Property

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

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.

- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the Bond Ordinance is bond-financed.

- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit, as set forth in the Tax and Non-Arbitrage Certificate.

- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a "remedial action" under the applicable Income Tax Regulations.

Investments and IRS Filings

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

- Guaranteed investment contracts ("*GIC*") will be purchased only using the three-bid "safe harbor" of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.

- Other investments will be purchased only in market transactions.

- Calculations of rebate liability will be performed annually by outside consultants.

- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.

- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

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

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.

- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, Bond Ordinance, Form 8038-G, and Tax and Non-Arbitrage Certificate) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.

- Retainable records pertaining to expenditures of bond proceeds include requisitions, accounting statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.

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

Amendment

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

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer, as designated by the Mayor.

THE CITY OF MORGANTOWN, WEST VIRGINIA

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By: Mayor
Date:

EXHIBIT D – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

CONTINUING DISCLOSURE POLICY

CONTINUING DISCLOSURE POLICY

CONTINUING DISCLOSURE POLICIES AND PROCEDURES

FOR THE CITY OF MORGANTOWN, WEST VIRGINIA

Background

Pursuant to SEC Rule 15c2-12 (the "Rule"), issuers of obligations are required under most circumstances to file financial and operating information on an annual basis with the Municipal Securities Rulemaking Board (MSRB) using the Electronic Municipal Market Access system (EMMA- http://www.emma.msrb.org). The City of Morgantown, West Virginia (the "City") has issued or may issue obligations which are covered by the Rule (the "Obligations") and must comply with any required filings in a timely manner. These Policies and Procedures are intended to assure, for all Obligations of the City, that all filings required under the Rule are made timely and completely and meet all requirements of the Rule. The City has covenanted or will covenant to comply with the Rule through the execution and delivery of continuing disclosure agreements or certificates (each, a "Continuing Disclosure Undertaking") applicable to each issue of Obligations.

With respect to the City, the Rule requires that an underwriter, prior to purchasing or selling an issue of obligations in connection with a covered offering, determine that the City has undertaken in writing, with respect to that issue of Obligations, to provide the following information to the MSRB using EMMA and to the appropriate state information depository ("SID"), if any:

- By a specified date, annual financial and operating information for the City substantially similar to the financial information and operating data presented in the official statement for such issue (an "Annual Information Filing");
- By a specified date, if available, audited annual financial statements for the City ("Audited Financial Statements") and, if not available by the date required, unaudited financial statements with Audited Financial Statements within 10 business days of their availability;
- In a timely manner, notice of the occurrence of one or more of the listed events described in the Rule (a "Rule 15c2-12 Event Notice"); and
- In a timely manner, notice of a failure by the City to make the required Annual Information Filing and/or file the Audited Financial Statements on or before the date(s) specified in the Continuing Disclosure Undertaking ("Notice of Failure").

Note: There is no SID currently in the State of West Virginia. If the State of West Virginia should establish a SID, the City also will be required to file all required information with the SID.

Responsible Party; Maintenance of List and Files

The Responsible Party for the City shall be the City Manager of the City and any alternate or assistant as the City Manager shall appoint. The Responsible Party shall maintain a current list for each fiscal year identifying each issue of Obligations of the City outstanding during such fiscal year setting forth the name, original principal amount, date of issuance and CUSIP numbers for each such issue and the dates by which the Annual Information Filings and the Audited Financial Statements are required to be submitted to the MSRB using EMMA, such list to be accompanied by copies of the related Continuing Disclosure Undertakings.

Annual Information Filing Requirements

The Responsible Party shall be knowledgeable and familiar with the provisions of each Continuing Disclosure Undertaking as to the type, format and content of the financial and operating information to be included in each Annual Information Filing to be made thereunder and the timing requirements for the filing thereof.

Audited Financial Statements

Audited Financial Statements of the City, or such other Audited Financial Statements as required by a specific Continuing Disclosure Undertaking, are also required to be filed no later than the submission dates established under each Continuing Disclosure Undertaking. The Responsible Party shall be knowledgeable and familiar with the specific timing requirements for the filing of such Audited Financial Statements and, if not available by the date(s) required, the provisions regarding the filing of unaudited financial statements under the terms of each Continuing Disclosure Undertaking. In any event, the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

Notices of Failures to File

The Responsible Party shall be knowledgeable and familiar with the specific requirements for the filing of a Notice of Failure to make Annual Information Filings and/or to file Audited Financial Statements by the date(s) required under the terms of each Continuing Disclosure Undertaking.

Preparation

Approximately 90 days before the submission date for required filings established under each Continuing Disclosure Undertaking, the Responsible Party shall initiate the process of preparing the financial and operating information required to be submitted thereunder. The Responsible Party shall assemble the information available at that time and determine the scope of additional information to be required and also contact the auditors to establish a schedule for completion and submission for the Audited Financial Statements.

On or before the submission date established under each Continuing Disclosure Undertaking, the Responsible Party (either on its own behalf or through a dissemination agent which the City has engaged for such purpose) shall file the Annual Information Filing together with the Audited

Financial Statements. If the Audited Financial Statements are not then available, unaudited financial information shall be filed with the MSRB using EMMA and the Audited Financial Statements shall be filed within 10 business days of their receipt and acceptance.

The Responsible Party shall set calendar reminders in the City's recordkeeping systems.

Listed Events

The Rule also requires filing of a Rule 15c2-12 Event Notice upon the occurrence of certain listed events described in the Continuing Disclosure Undertakings. Attached hereto is a description of the listed events current as of the date of execution of these Policies and Procedures, but the Responsible Party shall review the EMMA web site from time to time to determine whether there have been any changes to the listed events for which a Rule 15c2-12 Event Notice is required. The Responsible Party shall provide a Rule 15c2-12 Event Notice to the MSRB using EMMA within 10 business days of occurrence of any such listed event.

Familiarity with EMMA Submission Process

The Responsible Party shall register with EMMA and review the on-line process of filing with EMMA located at www.emma.msrb.org in order to submit the required information. If the City engages the services of a dissemination agent to make required filings hereunder, the Responsible Party shall not be required to register with EMMA. A tutorial is available at the MSRB website and a practice submission is available as well.

The Responsible Party also shall enroll the City in EMMA's reminder system, so long as such system is available, to ensure timely performance of their responsibilities and obligations.

Training Efforts

To ensure adequate resources to comply with the Rule, the Responsible Party shall develop a training process aimed at providing additional assistance in preparing required information. The training process shall be conducted at least annually and shall encompass a review of the City's filing requirements under its existing Continuing Disclosure Undertakings, the EMMA submission process and an understanding of the timing requirements necessary for full compliance. Such training may occur in conjunction with other issuers of governmental bonds and may be coordinated and/or sponsored by an association of which the City is a member (e.g. the West Virginia Municipal League or the West Virginia Chapter of the Government Finance Officers Association).

Coordination Effort

The Responsible Party shall coordinate the preparation and submission of the required information with any dissemination agent which has been engaged by the City for such purpose to ensure full compliance with the requirements of the Rule and the Continuing Disclosure Undertakings.

Records Retention

The Responsible Party, or the dissemination agent at the direction of the Responsible Party, shall maintain records with respect to the filings with the MSRB using EMMA, including, but not limited to, EMMA posting receipts showing the dates and nature or contents of all filings for each issue of Obligations of the City outstanding during each fiscal year.

EVENTS FOR WHICH
RULE 15C2-12 EVENT NOTICES ARE REQUIRED
(Current as of November 17, 2014)

1. Principal and interest payment delinquencies.

2. Nonpayment-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 security, or other material events affecting the tax status of the security.

7. Modifications to rights of security holders, if material.

8. Bond calls, if material.

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 City[†].

14. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

[†]This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

EXHIBIT E – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

FORM OF PRELIMINARY OFFICIAL STATEMENT

[See Tab 26 of Transcript]

THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT)

BOND ORDINANCE

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EXHIBIT A - FORM OF SERIES 2016 A BONDS

THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

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

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the sanitary sewerage collection and treatment portion of the System (collectively, the "Sanitary Sewerage System"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the Sanitary Sewerage System (further defined herein as the "Sewer Treatment Plant Project") should be financed, as provided under the Act, in whole or in part, from the proceeds of multiple series of combined utility system revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, as well as the costs of issuance of such bonds;

WHEREAS, the Issuer has determined to initially finance the costs of the Sewer Treatment Plant Project through the simultaneous issuance of three series of combined utility system revenue bonds designated, and in the not to exceed amounts, as follows:

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt), in the aggregate principal amount of not more than $100,000,000 (the "Series 2016 A Bonds");

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), in the aggregate principal amount of not more than $30,000,000 (the "Series 2016 B Bonds"); and

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), in the aggregate principal amount of not more than $10,000,000 (the "Series 2016 C Bonds," and collectively with the Series 2016 A Bonds and the Series 2016 B Bonds, the "Sewer Treatment Plant Project Bonds").

WHEREAS, the Issuer has determined to enact this Ordinance to authorize the issuance of the Series 2016 A Bonds (the "Series 2016 A Ordinance"), such Series 2016 A Bonds to have such security and such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer is, simultaneously with the enactment of this Series 2016 A Ordinance, considering separate Ordinances to approve, respectively, the issuance of the Series 2016 B Bonds (the "Series 2016 B Ordinance") and the Series 2016 C Bonds (the "Series 2016 C Ordinance" and, collectively with the Series 2016 A Ordinance and the Series 2016 B Ordinance, the "Sewer Treatment Plant Project Bond Ordinances");

WHEREAS, the Issuer has determined that the design, acquisition and construction of certain extensions, betterments and improvements to the potable water raw water supply and storage, treatment, treated water storage and distribution system (the "Potable Water System"), specifically including, but not limited to, the design, acquisition and construction of a new water reservoir and the installation of emergency generators to serve certain facilities in the Potable Water System, and all necessary appurtenances (collectively, the "Water Reservoir Project"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined to finance all or a portion of the costs of the Water Reservoir Project through the issuance of its The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 D (Tax Exempt), in the aggregate principal amount of not more than $40,000,000 (the "Series 2016 D Bonds"), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, pursuant to an ordinance of the Issuer (the "Series 2016 D Ordinance") enacted simultaneously with the enactment of the Sewer Treatment Plant Project Bond Ordinances;

The Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds (collectively, the "Series 2016 Bonds") will be issued on a parity with one another, the Prior Bonds, and any Additional Parity Bonds (as hereinafter defined) with respect to their lien on and security interest in the Gross Revenues of the System, and the Series 2016 A Bonds shall contain such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 A Bonds.

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

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

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto, the authorized officer for which will be the Board's General Manager.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, the Prior Bonds and any Additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 A Bonds in substantially the form set forth in "EXHIBIT A – FORM OF SERIES 2016 A BONDS," attached hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and

reasonable provision for uncollectible accounts; provided, that "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"Independent Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs, and specifically shall not include any certified public accountant who is an employee of either the City or the Board.

"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 Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

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

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2016 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

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

"Operating Expenses" means the reasonable, proper and necessary costs 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, fees and expenses of the Authority, fiscal agents, 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; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the 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; and (d) with respect to determining the number or percentage of Bondholders 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 2016 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds, and Series 2015 E Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2016 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2016 A Bonds are privately placed, the price paid by the first buyer of the Series 2016 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2016 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2016 A Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Sanitary Sewerage System" means, collectively, the sanitary sewerage collection and treatment portion of the System.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000.

"Series 2012 C Bonds" means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000.

"Series 2013 A Bonds" means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260.

"Series 2014 B Bonds" means the Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421.

"Series 2015 A Bonds" means the Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568..

"Series 2015 B Bonds" means the Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586.

"Series 2015 C Bonds" means the Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813.

"Series 2015 D Bonds" means the Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394.

"Series 2015 E Bonds" means the Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300.

"Series 2016 Bonds" means collectively, the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and, if issued, the Series 2016 D Bonds.

"Series 2016 A Bonds" means the Combined Utility System Revenue Bonds, Series 2016 A of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

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

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

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

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

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

"Series 2016 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds.

"Series 2016 B Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $30,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 C Bonds" means the Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $10,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 D Bonds" means the Combined Utility System Revenue Bonds, Series 2016 D (Tax-Exempt), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, in the aggregate principal amount of not more than $40,000,000, the proceeds of which will be used to finance the costs of the Water Reservoir Project.

"Sewer Treatment Plant Project" means, collectively, the acquisition and construction of certain additions, betterments and improvements to the System, including the design, acquisition and construction of improvements to the wastewater treatment plant located in Star City which is part of the Sanitary Sewer System.

"Sewer Treatment Plant Project Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds and the Series 2016 C Bonds.

"Sewer Treatment Plant Project Bond Oriniances" means, collectively, the the ordinances authorizing the Sewer Treatment Plant Project 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, Bond Insurer provisions (if any) and other terms of the Series 2016 A Bonds and authorizing the sale of the Series 2016 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2016 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Sewer Treatment Plant Project and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said municipal waterworks, sewerage and stormwater system from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 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 Monongalia County of said State.

B. The Issuer presently owns and operates, through the Board, a public combined waterworks, sewerage, and stormwater 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 City and specifically of the Sewer Treatment Plant Project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the System, specifically including, but not limited to, the rehabilitation and improvement of the wastewater treatment plant located in Star City, and all necessary appurtenances; (collectively, the "Sewer Treatment Plant Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Board.

C. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000, to permanently finance a portion of the costs of acquisition and construction of the Sewage Treatment Plant Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Sewer Treatment Plant Project; amounts which may be deposited in the Series 2016 A Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance policy, debt service reserve account insurance policy or debt service reserve account surety bond; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Sewage Treatment Plant Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Sewage Treatment Plant Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase

agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are or will be outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Prior Bonds, and the Issuer's Series 2016 B Bonds and Series 2016 C Bonds, to be issued contemporaneously with the issuance of the Series 2016 A Bonds, and the Issuer's Series 2016 D Bonds, which will be issued either contemporaneously with, or after, the issuance of the Series 2016 A Bonds.

Prior to the issuance of the Series 2016 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds. The Series 2010 A Bonds, Series 2010 F Bonds, Series 2012 C Bonds and Series 2014 B Bonds do not require written consent from the holders thereof.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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

G. The Issuer intends to issue the Series 2016 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, to pay the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds and the Prior Bonds, to pay the

principal on the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

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

J. The Series 2016 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2016 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2016 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 A Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. Prior to construction, the Issuer will have complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Water Reservoir Project and the System and issuance of the Series 2016 A Bonds including but not limited to Chapter 24, Article 2, Paragraph 11 (l).

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2016 A Bonds, all of which shall be of

equal rank and without preference, priority or distinction between any one Series 2016 A Bond and any other Series 2016 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE SEWER TREATMENT PLANT PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Sewer Treatment Plant Project. There is hereby authorized and ordered the acquisition and construction of the Sewer Treatment Plant Project, at an estimated cost of not more than $140,000,000, of which up to $100,000,000 will be obtained from the proceeds of the Series 2016 A Bonds, up to $30,000,000 will be obtained from the proceeds of the sale of the Series 2016 B Bonds and up to $10,000,000 will be obtained from the proceeds of the sale of the Series 2016 C Bonds.

ARTICLE III
THE SERIES 2016 A BONDS

Section 3.01 Form and Payment of Bonds. No Series 2016 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2016 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the

Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2016 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 A Bond in the principal amount of said 2016 A Bond then Outstanding.

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

Section 3.03. Authentication and Registration. No Series 2016 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2016 A Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2016 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed

to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2016 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 A Bonds. The Series 2016 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2016 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2016 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2016 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 A Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 A Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2016 A Bonds that have been called for redemption.

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

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

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

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

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

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

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2016 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

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

Official notice of redemption having been given as aforesaid, the Series 2016 A Bonds, or portions of the Series 2016 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 A Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2016 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2016 A Bonds. For the purposes of paying a portion of the costs of the Sewage Treatment Plant Project, capitalizing interest on the Series 2016

A Bonds, paying the premium for a municipal bond insurance policy, funding the Series 2016 A Bonds Reserve Account with proceeds of the Series 2016 A Bonds or paying the premium for a municipal bond debt service reserve insurance policy, in a amount equal to the Series 2016 A Bonds Debt Service Reserve Requirement and paying costs in connection with the issuance of the Series 2016 A Bonds, there shall be issued the Series 2016 A Bonds of the Issuer, in an aggregate principal amount of not more than $100,000,000. Said Series 2016 A Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in one or more Supplemental Resolution(s), and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2016 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $100,000,000); shall bear interest at such rate or rates, (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

any actions necessary from time to time to comply with the requirements of the Representation Letter.

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

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

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

Section 3.12. Delivery of Series 2016 A Bonds. A. The Issuer shall execute and deliver the Series 2016 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to DTC for the benefit of the Original Purchaser;

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

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

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

Section 3.13. Form of Series 2016 A Bonds. The definitive Series 2016 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those

officers executing such Series 2016 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2016 A Bonds. Upon the issuance and delivery of the Series 2016 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

2. if a Municipal Bond Insurance Policy has been obtained to secure the payment of the principal of, and interest on, the Series 2016 A Bonds, the premium for such Municipal Bond Insurance Policy shall be paid to the Bond Insurer.

3. An amount of the proceeds of the Series 2016 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2016 A Bonds Reserve Account; provided, that to the extent the Series 2016 A Bonds Reserve Requirement is satisfied in whole or in part from a municipal bond debt serve reserve insurance polity, letter of credit, surety bond or other credit facility, proceeds of the Series 2016 A Bonds shall be deposited in the Series 2016 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 A Bonds Reserve Requirement.

4. The amount of Series 2016 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 A Bonds shall be deposited with the Depository Bank in the Series 2016 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2016 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there

hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2016 A Bonds from which such proceeds are derived.

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

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

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) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2016 A 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 is established by Prior Ordinances or the Sewer Treatment Plant Project Bond Ordinances) with and shall be

held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

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

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

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

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

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

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

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

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

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

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

(25) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);

(29) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2012 C 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 2014 B Bonds Sinking Fund (established by Prior Ordinances);

(30) Series 2014 B Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

(35) Series 2015 C Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2015 C Bonds Reserve Account (established by Prior Ordinances);

(35) Series 2015 D Bonds Sinking Fund (established by Prior Ordinances);

(36) Series 2015 D Bonds Reserve Account (established by Prior Ordinances);

(37) Series 2015 E Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2015 E Bonds Reserve Account (established by Prior Ordinances);

(39) Series 2016 B Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(40) Series 2016 B Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(41) Series 2016 C Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(42) Series 2016 C Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(43) Series 2016 D Bonds Sinking Fund (established by ordinance authorizing the Seroes 2016 D Bonds);

(44) Series 2016 D Bonds Reserve Account (established by ordinance authorizing the Seroes 2016 D Bonds);

(45) Series 2016 A Bonds Sinking Fund; and

(46) Series 2016 A Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

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

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to for payment of interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2014 B Bonds, Series 2015 A Bonds;

(ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of interest on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 A Bonds on the next ensuing semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2016 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of principal on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) for deposit in the Series 2016 A Bonds Sinking Fund (and in the Series 2016 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the

amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective reserve accounts for the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2016 A Bonds or upon completion of construction of the Sewer Treatment Plant Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 A Bonds Reserve Account, as a result of a decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Bonds Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 A Bond Reserve Account Requirement.

Amounts in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 A Bonds when due, when amounts in the Series 2016 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2.5% 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 Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2016 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2016 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond 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 2015 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer, through the Board, shall invest and reinvest, and shall instruct the Bond 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, though the Board, 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, through the Board, may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

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

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

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 A Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(F) Notwithstanding the foregoing, all monies deposited in the Series 2016 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2016 A Bonds in such manner and to such extent as may be necessary, so that such Series 2016 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of

a Federal information return with respect to such Bonds) so that the interest on the Series 2016 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in

order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2016 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2016 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2016 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2016 A Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 A Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2016 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 A Bonds or the interest thereon.

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

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law. Copies of such rates and charges so established may be obtained from the Board by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B Bond, the Series 2016 C Bonds and the Series 2016 D 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 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.

The Issuer expressly reserves the right to reduce the rates for the System in effect as of the date of issuance of the Series 2016 A Bonds in the event that, based on a certificate of an Independent Certified Public Accountant, even after any such decrease in rates, the Issuer will meet the requirements of the Section 6.04 and is not in default under any other provision of any ordinance authorizing in bonds or other indebtedness secured by the Gross Revenues of the System.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Sewer Treatment Plant Project.

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

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $1,000,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $1,000,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $1,000,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond

Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2016 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds, Series 2016 B Bonds, Series 2016 C Bonds or Series 2016 D Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements for the System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds or the Prior Bonds, refunding all or a portion of any series any Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the

adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2016 A Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the

Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Gross Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues with the Series 2016 A Bonds except in the manner and under the conditions provided in this section.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 A Bonds remain Outstanding, the Issuer or the Board 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 Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance

to protect the interests of the Board and the Issuer during construction of the Sewer Treatment Plant Project in the full insurable value thereof.

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

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 Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any

other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Sewer Treatment Plant Project to carry such workers' compensation coverage for all employees working on the Sewer Treatment Plant 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 Sewer Treatment Plant Project.

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

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

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or

instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2016 A 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 Board relating thereto.

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

The Issuer or the Board shall , at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year.

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.

Any such house, dwelling or building from which emanates sewage or

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2016 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2016 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2016 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2016 A Bonds during the terms thereof is, under the terms of such Series 2016 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2016 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2016 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 A Bonds or $5,000,000 are

used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2016 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2016 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2016 A Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2016 A Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Covenants Regarding the Municipal Bond Debt Service Reserve Insurance Policy. The Issuer intends to obtain a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Account. In the event such Municipal Bond Debt Service Reserve Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.20. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or 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 Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by the Mayor. The Mayor and Clerk are further authorized to take all actions necessary for the Issuer to comply with the Continuing Disclosure Agreement.

Section 6.21 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 A Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 A 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.

Section 6.22. Bond Purchase Agreement. The Series 2016 A Bonds shall be sold to the Original Purchaser pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance, the Mayor is specifically authorized and directed to execute the said Bond Purchase Agreement in such form as may be approved by the Supplemental Resolution, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the said Bond Purchase Agreement to the Original Purchaser.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2016 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2016 A Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2016 A Bonds contained, and such default shall have continued for a period

of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances, or the Series 2016 B Bonds, the Series 2016 C Bonds or the Series 2016 D Bonds or the ordinances authorizing such bonds.

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

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

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

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

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute all pro rata, with respect to the Prior Bonds and the Series 2016 Bonds, in accordance with the respective principal amounts then Outstanding.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every

such right and power may be exercised from time to time and as often as may be deemed expedient.

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

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

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

Whenever all that is due upon the Series 2016 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and

further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

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

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

ARTICLE VIII
REGISTRAR AND PAYING AGENT

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

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

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

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 A Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which

event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

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

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

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

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

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

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

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

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow

trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

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

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders

in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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

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

C. The amount of fully registered Series 2016 A Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2016 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 A Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

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

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

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

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]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the Bond Insurer and the Original Purchaser.

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

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

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 A Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of February, 2016, at 7:00 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 10.14. Effective Date. This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	January 5, 2016
Second Reading:	January 19, 2016
Effective following Public Hearing held on:	February 2, 2016

THE CITY OF MORGANTOWN

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 MORGANTOWN at a regular meeting of the City Council held on February 2, 2016, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this 1st day of December, 2016.

[SEAL]

Linda L Tuttle
City Clerk

7038762

EXHIBIT A - FORM OF SERIES 2016 A BONDS

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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 _____, _____, 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 Morgantown Combined Utility System Revenue Bonds, Series 2016 A" (the "Series 2016 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of Sewer Treatment Plant Project: [(ii) to capitalize interest on the Series 2016 A Bonds;] [(iii) pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds;] [(iv) to fund a reserve account for the Series 2016 A Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds] in an amount equal to the Series 2016 A Bonds Reserve Requirement; and (v) to pay certain costs of issuance of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of

1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS");

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,605,260 (THE "SERIES 2013 A BONDS");

(16) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2014 B DATED JULY 23, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $505,421 (THE "SERIES 2014 B BONDS");

(17) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $137,568 (THE "SERIES 2015 A BONDS");

(18) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,586 (THE "SERIES 2015 B BONDS");

(19) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 C (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,111,813 (THE "SERIES 2015 C BONDS");

(20) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 D (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,688,394 (THE "SERIES 2015 D BONDS");.

(21) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 E (WEST VIRGINIA SRF PROGRAM), DATED JUNE 11, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $662,300 (THE "SERIES 2015 E BONDS"), (COLLECTIVELY, THE "PRIOR BONDS");

(22) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016

B (TAX-EXEMPT-EXTRODINARY OPTIONAL CALL), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B BONDS");

(23) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 C (WEST VIRGINIA SRF PROGRAM), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 C BONDS"); AND

(24) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 D (TAX-EXEMPT), DATED _____, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 D BONDS').

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

Year (1)	Principal Amount

Bonds Maturing 1, 20

Year (1)	Principal Amount

* Final Maturity

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

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

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

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

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Sewer Treatment Plant Project, capitalize the interest on the Series 2016 A Bonds for a period of _____, [pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of and interest on the Series 2016 A Bonds, [fund a reserve account for the Series 2016 A Bonds/pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the reserve account for the Series 2016 A Bonds] in amount equal to the Series 2016 A Bonds Reserve Requirement, and pay costs of issuance of the Bonds, and there shall be,

and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 A Bonds.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

[Manual or facsimile signature]

_____

Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, 2016.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

CERTIFICATE OF DETERMINATIONS

The undersigned, Marti Shamberger, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Series 2016 A Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on November 1, 2016 (the "Series 2016 A Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), hereby finds and determines this 15th day of November, 2016, as follows:

1. The Series 2016 A Bonds shall be dated December 1, 2016 shall bear interest on June 1 and December 1 of each year commencing June 1, 2017.

2. The Series 2016 A Bonds shall be issued in the aggregate principal amount of $69,755,000. The interest rates on the Series 2016 A Bonds do not exceed 6.0%, being the maximum interest rate authorized by the Series 2016 A Ordinance.

3. The Series 2016 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2016 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

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

6. The Series 2016 A Bonds shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, 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 $74,360,351.88 (representing par value of $69,755,000 less an Underwriter's discount of $277,937.12 plus a net original issue premium of $4,883,289.00).

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

8. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by Assured Guaranty Municipal Corp. ("AGM") to secure the payment of principal of, and interest on, the Series 2016 A Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the Municipal Bond Insurance Commitment (the "Series 2016 A Insurance Commitment") dated November 14, 2016. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to AGM.

9. Pursuant to the Series 2016 A Insurance Commitment, and, as permitted by Section 13 of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by AGM as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2016 A Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be

supplemental and amendatory of, and controlling with respect to the Series 2016 A Ordinance and applicable to the Series 2016 A Bonds.

10. The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by AGM to fund the Series 2016 A Bonds Reserve Account will result in a cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Series 2016 A Reserve Commitment") dated November 3, 2016. The Mayor is hereby authorized to execute the Series 2016 A Reserve Commitment and deliver the same to AGM.

11. Pursuant to the Series 2016 A Reserve Commitment, and, as permitted by Section 14 of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by AGM as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Reserve Account are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2016 A Bonds.

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

[SIGNATURE PAGE FOLLOWS]

WITNESS my signature the day and year first written above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

SCHEDULE 1 – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A BOND TERMS

$35,845,000 Series 2016 A Serial Bonds

Maturity Date	Amount	Rate	Yield	Price
12/1/2017	1,140,000	3.00%	1.070%	101.914
12/2/2018	1,180,000	4.00%	1.280%	105.354
12/1/2019	1,225,000	4.00%	1.470%	107.398
12/1/2020	1,285,000	5.00%	1.660%	112.874
12/1/2021	1,350,000	5.00%	1.860%	114.925
12/1/2022	1,420,000	5.00%	2.040%	116.636
12/1/2023	1,490,000	5.00%	2.290%	117.435
12/1/2024	1,565,000	5.00%	2.510%	117.945
12/1/2025	1,650,000	5.00%	2.710%	118.180
12/1/2026	1,730,000	5.00%	2.810%	118.976
12/1/2027	1,820,000	5.00%	2.920%	117.925
12/1/2028	1,895,000	3.00%	3.230%	97.726
12/1/2029	1,960,000	4.00%	3.310%	105.833
12/1/2030	2,040,000	4.00%	3.420%	104.877
12/1/2031	2,125,000	4.00%	3.540%	103.845
12/1/2032	2,210,000	4.00%	3.660%	102.825
12/1/2033	2,300,000	4.00%	3.710%	102.404
12/1/2034	2,390,000	3.625%	3.840%	97.224
12/1/2035	2,485,000	4.00%	3.800%	101.651
12/1/2036	2,585,000	4.00%	3.830%	101.401

$14,990,000 5.000% Term Bond Maturing December 1, 2041 at 3.630% Yield

$12,600,000 4.000% Term Bond Maturing December 1, 2046 at 4.080% Yield

$6,320,000 5.000% Term Bond Maturing December 1, 2046 at 3.680% Yield

SCHEDULE 2 – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A BONDS REDEMPTION PROVISIONS

Optional Redemption

The Series 2016 A Bonds are subject to redemption at par or at a redemption price of 100%, at the option of the Issuer on or after December 1, 2026, in whole or in part, at any time by lot at any amount of the principal amount, plus interest, if any, accrued to the date fixed for redemption.

Mandatory Redemption

The Term Bonds due December 1, 2041 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2037	$2,705,000
2038	$2,845,000
2039	$2,990,000
2040	$3,145,000
2041*	$3,305,000

*Final Maturity

The 4.000% Term Bonds due December 1, 2046 are subject to the 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$2,220,000
2043	$2,360,000
2044	$2,515,000
2045	$2,670,000
2046*	$2,835,000

*Final Maturity

The 5.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$1,245,000
2043	$1,255,000
2044	$1,260,000
2045	$1,275,000
2046*	$1,285,000

*Final Maturity

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A INSURANCE COMMITMENT

(See Attached)

ASSURED GUARANTY
MUNICIPAL

November 14, 2016

VIA E-MAIL
Mr. Tim Ball
The City of Morgantown
278 Greenbag Road
Morgantown, West Virginia 26501

Re: Not to Exceed $62,235,000 aggregate principal amount of The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2016 A

Dear Mr. Ball:

Attached please find Assured Guaranty Municipal Corp.'s ("AGM") commitment letter (the "Commitment") in respect of the above-referenced issue. Please return one fully executed copy to Ms. Erika Paredes, of our office, prior to any reference to AGM as insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions, preliminary and final official statements and bond proof should be delivered to AGM for review and comment.

Attached as a link to this e-mail is AGM's website, where the logo, statement of insurance, disclosure language, specimen policy, procedures for premium payment, form of opinion and form of disclosure, no default and tax certificate may be accessed and downloaded as needed. AGM will require, prior to closing, four hard copies of the final official statement.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Bonds, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.

- A copy of (i) the preliminary official statement and the final official statement, each of which shall include the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Bonds, together with the legend to be affixed to such Bonds, must be delivered to the Closing Coordinator by fax or e-mail in order that AGM may confirm its accuracy.

- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy and request the assignment of an insured rating for the Bonds.

- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Bonds should be delivered to the Closing Coordinator listed below by fax and/or email in order that AGM may request the assignment of an insured rating for the Bonds.

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019
main 1 212 974 0100
fax 1 212 688 3101
info@assuredguaranty.com
www.assuredguaranty.com

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy, a disclosure, no default and tax certificate and the executed original insurance policy. Prior to the closing, AGM will obtain rating letters from the rating agencies indicated in the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

Please include the following people on the Distribution List for this transaction:

Elliot Schreiber, Counsel	Telephone: (212) 339-0869 Telecopier: (212) 857-0518 E-Mail: ESchreiber@agltd.com
Christopher Jumper, Director	Telephone: (212) 261-5514 Telecopier: (212) 339-3494 E-Mail: CJumper@agltd.com
Erika Paredes, Closing Coordinator	Telephone: (212) 893-2706 Telecopier: (212) 857-0349 E-Mail: EParedes@agltd.com

As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,

Elliot Schreiber
Counsel

ec: John Stump, Esq.; Steptoe & Johnson, P.L.L.C.
Mr. Tom Liu; Bank of America
Samme Gee, Esq.; Jackson Kelly PLLC
Mr. Chris Lover; Public Financial Management, Inc.

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds 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 ("Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer and/or the Obligor, as applicable, or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. AGM shall be provided with:

(a) Executed copies of all financing 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 AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.

(c) Standard & Poor's Rating Service and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).

7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET

Issuer: The City of Morgantown (West Virginia)

Name of Bonds Insured: Combined Utility System Revenue Bonds, Series 2016 A

Principal Amount of Bonds Insured: Not to Exceed $62,235,000

Date of Commitment: November 14, 2016 Expiration Date: Friday, January 13, 2017*

Premium: .18% of total debt service on the Bonds Insured

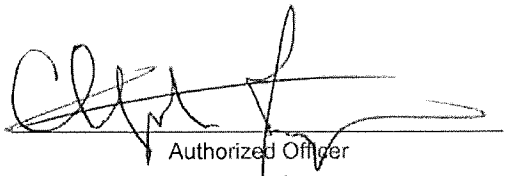
Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to AGM.

2. Except as set forth in Exhibit B hereto, the documentation and opinions for this transaction shall be substantially the same as the documentation and opinions for the Issuer's Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) (the "Series 2010 Bonds") insured by AGM on January 28, 2010 (Policy No. 211600-N), and shall otherwise be acceptable to AGM.

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Bonds described above (the "Ordinance").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer by the earlier of the date on which the Official Statement containing disclosure language regarding AGM is circulated and ten days from the date of this Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own 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 own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, 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 Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for

possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE CITY OF MORGANTOWN

_____

Authorized Officer

ADDITIONAL CONDITION

The language in paragraph (c) of Exhibit C to the Bond Ordinnace for the Series 2010 Bonds shall be revised as follows:

The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Ordinance and each Bond, the Paying Agent and each Bondholder appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer 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 Paying Agent and each Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Bondholder 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. Remedies granted to the Bondholders shall expressly include mandamus.

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM** Attention: Christopher Jumper, Director Phone No.: (212) 261-5514 Fax No.: (212) 339-3494

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	149254_N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Erika Paredes, Closing Coordinator , (212) 893-2706.

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A RESERVE COMMITMENT

(See Attached)

ASSURED GUARANTY
MUNICIPAL

November 3, 2016

VIA E-MAIL
Mr. Tim Ball
The City of Morgantown
278 Greenbag Road
Morgantown, West Virginia 26501

Re: Municipal Bond Debt Service Reserve Insurance Policy relating to the The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A

Dear Mr. Ball:

Attached please find Assured Guaranty Municipal Corp.'s ("AGM") municipal bond debt service reserve commitment letter (the "Commitment") in respect of the above-referenced issue. Please return one fully executed copy to Ms. Erika Paredes, of our office, prior to any reference to AGM as reserve fund insurer of the issue being made in marketing efforts in respect of the issue.

Please note that a blacklined copy of each draft of the financing documents, opinions and preliminary and final official statements should be delivered to AGM for review and comment.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of the disclosure and financing documents in advance of the closing date, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.
- A copy of the preliminary official statement and the final official statement.
- Once determined, the final debt service schedule for the Bonds should be delivered to the credit analyst responsible for the transaction, by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy.

AGM will deliver to Bond Counsel at the pre-closing, assuming the requirements of the Commitment have been met, an opinion of counsel as to the validity of the insurance policy and the executed original insurance policy.

Please include the following people on the Distribution List for this transaction:

Elliot Schreiber, Counsel	Telephone: (212) 339-0869 Telecopier: (212) 857-0518 E-Mail: ESchreiber@agltd.com
Christopher Jumper, Director	Telephone: (212) 261-5514 Telecopier: (212) 339-3494 E-Mail: CJumper@agltd.com
Erika Paredes, Closing Coordinator	Telephone: (212) 893-2706 Telecopier: (212) 857-0349 E-Mail: EParedes@agltd.com

As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,

Elliot Schreiber
Counsel

ec: John Stump, Esq.; Steptoe & Johnson, P.L.L.C.
Mr. Tom Liu; Bank of America
Samme Gee, Esq.; Jackson Kelly PLLC
Mr. Chris Lover; Public Financial Management, Inc.

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	The City of Morgantown	Date of Commitment:	November 3, 2016
Related Bonds:	Combined Utility System Revenue Bonds, Series 2016 A		
Premium:	2.00% of Policy Limit	Expiration Date:	Friday, January 6, 2017
Policy Limit:	A dollar amount equal to the Debt Service Reserve Requirement for the Related Bonds, as specified under the Authorizing Document (defined below)		

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, 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 document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document").

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds 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 purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.

3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.

4. Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall approve.

5. 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.

6. The Authorizing Document shall incorporate the terms and provisions set forth in Exhibit A – Authorizing Document Requirements.

7. Prior to closing of the Bonds, AGM shall be provided with:

(a) A letter from Steptoe & Johnson, P.L.L.C. ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;

(b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Authorizing Document, the Insurance Agreement and, to the extent not contained in the Authorizing Document, the document which incorporates the requirements set forth in Exhibit A hereto, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Authorizing Document, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document), and (iv) such other matters AGM shall reasonably request;

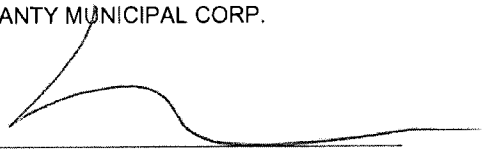
(c) A fully-executed copy of the Insurance Agreement in substantially the form of Exhibit C hereto;

(d) Copies of all opinions delivered in connection with the issuance of the Bonds (together with reliance letters addressed to AGM except in the case of the opinion of disclosure counsel); and

(e) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.

8. Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

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The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse affect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE CITY OF MORGANTOWN

By: _____

Title: _____

Date: _____

AUTHORIZING DOCUMENT REQUIREMENTS

The Authorizing Document shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Reserve Policy" (or the like), the provisions of which section or article shall be stated in the Authorizing Document to govern, notwithstanding anything to the contrary set forth in the Authorizing **Document**, or individually in the appropriate sections. The Authorizing Document otherwise shall be in form and substance acceptable to AGM:

(a) The prior written consent of AGM shall be a condition precedent to the deposit of any credit facility (a "Credit Facility") credited to the debt service reserve fund established for the Bonds (the "Reserve Fund") in lieu of a cash deposit into the Reserve Fund. Amounts drawn under the Reserve Policy shall be available only for the payment of scheduled principal and interest on the Bonds when due.

(b) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) 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 5%, and (ii) the then applicable highest rate of interest on the Bonds and (y) 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 national bank as AGM shall specify. If the interest provisions of this subparagraph (b) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest 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 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM 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 AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document).

All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other Credit Facility credited to the Reserve Fund in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (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 Reserve Fund. Payment of Policy Costs and reimbursement of amounts with

respect to other Credit Facilities 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.

(c) Upon a failure to pay Policy Costs when due or any other breach of the terms of this [Section/Article], AGM 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 Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(d) The Authorizing Document shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(e) The Issuer shall include any Policy Costs then due and owing AGM in the calculation of the additional bonds test and the rate covenant in the Authorizing Document.

(f) The Authorizing Document shall require the Trustee to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (b) hereof and to provide notice to AGM 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 Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

(g) The Issuer will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Authorizing Document or any document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to Authorizing Document or any other Related Document, any party to the Authorizing Document or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Authorizing Document or any other Related Document, if any, or the pursuit of any remedies under the Authorizing Document or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Authorizing Document, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under the Authorizing Document or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) through (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Authorizing Document or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(h) The obligation of the Issuer to pay all amounts due to AGM shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with the provisions of this [Section/Article], irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Authorizing Document or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, the Authorizing Document or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Reserve Policy, the Authorizing

Document or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

(i) The Issuer shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Insurer) of the Authorizing Document applicable to it, each of the provisions thereof being expressly incorporated into this [Section/Article] by reference solely for the benefit of AGM as if set forth directly herein. No provision of the Authorizing Document or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Issuer hereunder or the priority accorded to the reimbursement of Policy Costs under the Authorizing Document. The Insurer is hereby expressly made a third party beneficiary of the Authorizing Document and each other Related Document

(j) The Issuer covenants to provide to AGM, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Issuer as reasonably requested by AGM. The Issuer will permit AGM to discuss the affairs, finances and accounts of the Issuer or any information AGM may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(k) Notices and other information to AGM shall be sent to the following address (or such other address as AGM may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No._____.

EXHIBIT B

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

BONDS:

Policy No.:

Effective Date:

Premium: $

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, 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.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance 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 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 (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond 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 AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

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 are, or the Insurer's Fiscal Agent is, 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 AGM 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. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

(212) 974-0100

EXHIBIT C

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated as of ___, 2016 (the "Agreement"), by and between the The City of Morgantown (the "Issuer") and Assured Guaranty Municipal Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy No. _____ (the "Reserve Policy") with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds") issued under the document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made. Amounts drawn under the Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the 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 change is announced by JPMorgan Chase Bank) plus 5%, 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, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of 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 the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to the 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.

5. All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on the Bonds before any drawing may be made on the Reserve Policy or on any altemative 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.

6. Upon a failure to pay Policy Costs when due or any other breach of the terms of this Agreement, the Insurer 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 Bonds or (ii) remedies which would adversely affect owners of the Bonds.

7. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth under the Authorizing Document) in all revenues and collateral pledged as security for the Bonds.

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 Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 5 hereof and shall provide notice to the Insurer 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 Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

11. The Issuer will pay or reimburse the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement, the Authorizing Document or any other document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement, the Authorizing Document, or any other Related Document, any party to this Agreement, the Authorizing Document or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement, the Authorizing Document or any other Related Document, if any, or the pursuit of any remedies under this Agreement, the Authorizing Document or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Authorizing Document, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Authorizing Document or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii)-(v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement, the Authorizing Document or any other Related Document. Amounts payable by the Issuer hereunder

shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Authorizing Document or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement, the Authorizing Document or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy, the Authorizing Document or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein, in the Authorizing Document or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

13. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit facility credited to the Reserve Fund in lieu of a cash deposit into the Reserve Fund.

14. The Issuer shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Insurer) of the Authorizing Document applicable to it, each of the provisions thereof being incorporated herein by reference as if set forth directly herein. No provision of the Authorizing Document or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Issuer hereunder or the priority accorded to the reimbursement of Policy Costs under the Authorizing Document . The Insurer is hereby expressly made a third party beneficiary of the Authorizing Document and each other Related Document.

15. The Issuer covenant to provide to the Insurer, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Issuer as reasonably requested by the Insurer. The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

16. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director– Surveillance, Re: Policy No._____.

17. 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.

18. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.

19. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

20. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

THE CITY OF MORGANTOWN	ASSURED GUARANTY MUNICIPAL CORP.
By: _____	By: _____
Title:	Title: Authorized Officer

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

CROSS-RECEIPT FOR SERIES 2016 A BONDS AND BOND PROCEEDS

On the 1st day of December, 2016, the undersigned, Eugene P. Spinelli, Managing Director of Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriters"), for and on behalf of the Underwriters, and the Mayor of The City of Morgantown (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 1st day of December, 2016, in Charleston, West Virginia, the Underwriter received, through The Depository Trust Company ("DTC"), the entire original issue of $69,755,000 in aggregate principal amount of The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds" or the "Bonds"). The Series 2016 A Bonds, as so received on original issuance, are in various denominations, are all dated December 1, 2016, and are numbered from AR-l, upward in order of maturity, and are registered in the name of "CEDE & CO."

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

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

Par Amount	$69,755,000.00
Plus: Net Original Issue Premium	4,883,289.00
Less: Underwriter's Discount*	(277,937.12)
Total	$74,360,351.88

* Includes fees of Underwriters' counsel.

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $74,360,351.88.

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

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____
Its Managing Director

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00049

7340861.4

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

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____
Its Managing Director

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00049

7340861.4

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

DIRECTION TO AUTHENTICATE. REGISTER AND DELIVER BONDS

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

Ladies and Gentlemen:

On the 1st day of December, 2016, there are delivered to you herewith as Registrar for the $69,755,000 Combined Utility System Revenue Bonds, Series 2016 A:

1. Bonds Nos. AR-1 through AR-23, inclusive, constituting the entire original issue of The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A, dated December 1, 2016, in the aggregate principal amount of $69,755,000 (collectively, the "Series 2016 A Bonds"), executed by the Mayor and the City Clerk of The City of Morgantown (the "Issuer") and bearing the official seal of the Issuer. The Series 2016 A Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on November 1, 2016 (collectively, the "Series 2016 A Bond Legislation").

2. Copies of the Bond Legislation, certified by the City Clerk of the Issuer.

3. The signed, unqualified approving opinion of the Series 2016 A Bonds by Steptoe & Johnson PLLC, as bond counsel.

4. Such other opinions, certificates and documents as shall be reasonably requested by the original purchasers.

You are hereby requested and authorized, pursuant to Section 3.12 of the Series 2016 A Bond Ordinance which is part of the Series 2016 A Bond Legislation, to authenticate and register in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC") and deliver the Series 2016 A Bonds to DTC, for the account of Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc., collectively, as the original purchasers thereof.

Dated as of the day and year first stated above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00049

7340867.4

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $1,140,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	12/01/2017	12/01/2016	61759C BD9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 Paying Agent, to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special

record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the West Virginia Municipal Bond Commission, as Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $69,755,000 designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A" (the "Series 2016 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance a portion of the cost of design, acquisition, construction and equipping of the Sewer Treatment Plant 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 2016 A Bonds; (iii) to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds in an amount equal to the Series 2016 A Bonds Reserve Requirement; and (iv) to pay certain costs of issuance of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an ordinance duly enacted by the City Council of the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution adopted by said Council on November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

The Series 2016 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Assured Guaranty Municipal Corp. ("AGM").

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 UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,605,260 (THE "SERIES 2013 A BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2014 B DATED JULY 23, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $505,421 (THE "SERIES 2014 B BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $137,568 (THE "SERIES 2015 A BONDS");

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,586 (THE "SERIES 2015 B BONDS");

(16) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 C (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,111,813 (THE "SERIES 2015 C BONDS");

(17) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 D (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,688,394 (THE "SERIES 2015 D BONDS"); AND

(18) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 E (WEST VIRGINIA SRF PROGRAM), DATED JUNE 11, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $662,300 (THE "SERIES 2015 E BONDS" AND, COLLECTIVELY WITH THE BONDS LISTED ABOVE, THE "PRIOR BONDS").

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

(A) Optional Redemption. The Bonds maturing on and after December 1, 2026, are subject to redemption prior to maturity at the option of the Issuer on or after December 1, 2026, 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
On or after December 1, 2026	100%

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2041 and 2046 are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on December 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing December 1, 2041

Year	Principal Amount
2037	$2,705,000
2038	$2,845,000
2039	$2,990,000
2040	$3,145,000
2041*	$3,305,000

4.000% Bonds Maturing December 1, 2046

Year	Principal Amount
2042	$2,220,000
2043	$2,360,000
2044	$2,515,000
2045	$2,670,000
2046*	$2,835,000

5.000% Bonds Maturing December 1, 2046

Year	Principal Amount
2042	$1,245,000
2043	$1,255,000
2044	$1,260,000
2045	$1,275,000
2046*	$1,285,000

* Final Maturity

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

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

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

The Series 2016 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior

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

All monies received from the sale of the Bonds shall be applied solely to pay a portion of the costs of the Sewer Treatment Plant Project, pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of and interest on the Series 2016 A Bonds, pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the reserve account for the Series 2016 A Bonds in amount equal to the Series 2016 A Bonds Reserve Requirement, and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 A Bonds.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: December 1, 2016.

UNITED BANK, INC.
As Registrar

By _____
Its Authorized Officer

SPECIMEN

STATEMENT OF INSURANCE

[Bond Insurance Legend]

Assured Guaranty Municipal Corp. ("AGM"), 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 the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent, 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 AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $1,180,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2018	12/01/2016	61759C BE7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION ONE HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3 $1,225,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2019	12/01/2016	61759C BF4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED TWENTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 Paying Agent, to the Registered Owner hereof as of the applicable Record

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4 $1,285,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2020	12/01/2016	61759C BG2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED EIGHTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $1,350,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2021	12/01/2016	61759C BH0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-6 $1,420,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2022	12/01/2016	61759C BJ6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-7 $1,490,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2023	12/01/2016	61759C BK3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-8 $1,565,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2024	12/01/2016	61759C BL1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED SIXTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-9 $1,650,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2025	12/01/2016	61759C BM9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-10 $1,730,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2026	12/01/2016	61759C BN7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION SEVEN HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-11 $1,820,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2027	12/01/2016	61759C BP2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-12 $1,895,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	12/01/2028	12/01/2016	61759C BQ0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED NINETY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 Paying Agent, to the Registered Owner hereof as of the applicable Record

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-13 $1,960,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2029	12/01/2016	61759C BR8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-14 $2,040,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2030	12/01/2016	61759C BS6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-15 $2,125,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2031	12/01/2016	61759C BT4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 Paying Agent, to the Registered Owner hereof as of the applicable Record

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-16 $2,210,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2032	12/01/2016	61759C BU1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION TWO HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

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

No. AR-17 $2,300,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2033	12/01/2016	61759C BV9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-18 $2,390,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.625%	12/01/2034	12/01/2016	61759C BW7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED NINETY THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by 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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-19 $2,485,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2035	12/01/2016	61759C BX5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED EIGHTY FIVE THOUSAND DOLLARS

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Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Paying Agent, to the Registered Owner hereof as of the applicable Record

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

No. AR-20 $2,585,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2036	12/01/2016	61759C BY3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION FIVE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

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No. AR-21 $14,990,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2041	12/01/2016	61759C BZ0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOURTEEN MILLION NINE HUNDRED NINETY THOUSAND DOLLARS

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Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee 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 inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-22 $12,600,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	12/01/2046	12/01/2016	61759C CA4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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.

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No. AR-23 $6,320,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	12/01/2046	12/01/2016	61759C CB2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX MILLION THREE HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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, 2017 (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.

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STEPTOE & JOHNSON PLLC
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Writer's Contact Information

December 1, 2016

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

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 Morgantown, West Virginia (the "Issuer") of its $69,755,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds").

The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on November 1, 2016 and a Certificate of Determinations executed by the Mayor on November 15, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Ordinance provides that the Series 2016 A Bonds are issued for the purpose of: (i) financing, along with the proceeds of the Issuer's Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program) (the "Series 2016 B-1 Bonds") and Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green) to be issued by the Issuer (the "Series 2016 B-2 Bonds" and, collectively with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds") and monies of the Combined Utility System available therefore, the costs of the design, acquisition, construction and equipping of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection facilities of the Combined Utility System of the Issuer; (ii) funding the Series 2016 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); (iii) paying the premium for a municipal bond insurance policy (the "Series 2016 A Insurance Policy") from the Bond Insurer; and (iv) paying costs of issuance of the Series 2016 A Bonds and related costs.

The Series 2016 A Bonds have been sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated November 15, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure 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 2016 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance; has authorized, executed and delivered the 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 2016 A Bonds; and has issued and delivered the Series 2016 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto (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 2016 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity with the Series 2016 B-1 Bonds, when issued, and the Prior Bonds, as defined in the Ordinance. The Series 2016 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. We have examined the executed and authenticated Series 2016 A Bonds of said issue, and in our opinion, said Series 2016 A Bonds are in proper form and have been duly executed and authenticated.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2016 A Bonds is excluded from the gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; *provided, that* the interest on the Series 2016 A Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2016 A Bonds. Prospective purchasers of the Series 2016 A Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 A Bonds to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2016 A Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 A Bonds.

7. Under the Act, the Series 2016 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2016 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2016 A Bonds, to register any securities under said Securities Acts.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

December 1, 2016

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The City of Morgantown, West Virginia (the "Issuer") of its $69,755,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2016 A Bonds and the exclusion of interest on the Series 2016 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated November 15, 2016, between the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself, Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriters"), and approved by the Issuer.

We have reviewed the Ordinance of the Issuer relating to the Series 2016 A Bonds enacted on February 2, 2016, as supplemented by a Supplemental Resolution adopted November 1, 2016, the Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Bond Legislation"), and the Disclosure Dissemination Agent Agreement entered into on December 1, 2016 by and among the Issuer, the Morgantown Utility Board and Digital Assurance Certification L.L.C. (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated November 3, 2016, the Official Statement dated November 15, 2016, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement"), the Insurance Agreement dated December 1, 2016 between the Issuer and Assured Guaranty Municipal Corp. (the "Insurance Agreement"), and a closing certificate of the Issuer.

Based upon review of the foregoing, we are of opinion that:

1. The Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of West Virginia, and any undefined herein shall have definitions set forth in the Purchase Agreement;

2. The statements contained in the Official Statement on the cover page and in the sections entitled "INTRODUCTION," "PURPOSE AND PLAN OF FINANCING," "THE SERIES 2016 A BONDS," and "SECURITY FOR THE SERIES 2016 A BONDS," insofar as such statements expressly summarize certain provisions of the Bond Legislation, the Series 2016 A Bonds, and the form and content of the approving opinion of Bond Counsel attached as Appendix D to the Official Statement, are accurate in all material respects;

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Bond Legislation is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and

4. The Series 2016 A Insurance Policy and the Series 2016 A Reserve Policy are in full force and effect;

Very truly yours,

STEPTOE & JOHNSON PLLC

627490.00049

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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Writer's Contact Information

December 1, 2016

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as disclosure counsel to The City of Morgantown and the Morgantown Utility Board (collectively, the "Issuer") in connection with The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), issued in the aggregate principal amount of $69,755,000, dated as of the date hereof. In our capacity as Bond Counsel, we delivered an opinion of even date herewith concerning the legality of the Series 2016 A Bonds and the exclusion of interest on the Series 2016 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement of the Issuer dated November 15, 2016, the Disclosure Dissemination Agent Agreement dated December 1, 2016, by and between the Issuer and Digital Assurance Certification L.L.C. (the "Undertaking") and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated November 15, 2016 by and between the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and on behalf of Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriters"). We have also examined Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and in effect as of the date hereof (the "Rule").

Based upon the foregoing, we are of the opinion that the Undertaking in all material respects satisfies Section (b)(5)(i) of the Rule.

Based upon the information made available to us in the course of our participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, nothing has come to our attention which would lead us

to believe that the Official Statement as of its date and as of the date hereof (excluding therefrom any information in the Official Statement relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Official Statement and the appendices thereto, as to which no opinion need be expressed) contains an 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 in any material respect.

This opinion is solely for the benefit of, and may be relied upon only by, the Issuer and the Underwriters, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2016 A Bonds.

Very truly yours,



STEPTOE & JOHNSON PLLC

627490.00049

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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December 1, 2016

Merrill Lynch, Pierce, Fenner & Smith
Incorporated, as Underwriter
New York, New York

Citigroup Capital Markets Inc.,
as Underwriter
New York, New York

Crews & Associates, Inc.,
as Underwriter
Charleston, West Virginia

Re: $69,755,000 The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriters") in connection with the issuance and sale by The City of Morgantown, West Virginia (the "Issuer") of its Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds") in the aggregate principal amount of $69,755,000. In connection with rendering this opinion, we have examined (a) the Bond Purchase Agreement dated November 15, 2016 (the "Purchase Agreement"), by and between the Issuer and Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting on behalf of itself, Citigroup Capital Markets Inc. and Crews & Associates, Inc., (b) portions of the Official Statement of the Issuer dated November 15, 2016, relating to the Bonds, (the "Official Statement"), (c) the Disclosure Dissemination Agent Agreement by and between the Issuer and Digital Assurance Certification, L.L.C., as exclusive disclosure dissemination agent, with respect to the Bonds, dated as of December 1, 2016 (the "Disclosure Dissemination Agent Agreement"), (d) the opinions of Ryan Simonton, Esq., as Counsel to the Issuer, Timothy Stranko, Esq., as General Counsel to the Morgantown Utility Board ("MUB") and Steptoe & Johnson PLLC, as Bond Counsel and Disclosure Counsel, dated as of the date hereof and addressed to, among others, you, (e) the Bond Ordinance enacted on February 2, 2016, as supplemented by resolution on November 1, 2016 (the "Bond Ordinance") and (f) certified copies of proceedings of the Issuer with respect to the Purchase Agreement, the Bond Ordinance, and the Official Statement, as well as such other papers as we deem necessary for purposes of the opinions expressed below. In connection therewith, and in our capacity as your counsel to assist you in your investigations concerning the Official Statement, we have reviewed certain documents and participated in certain conferences with representatives of the Issuer, MUB, Underwriters, Bond Counsel and

Disclosure Counsel, and others, during which the contents of the Official Statement and related matters were discussed. However, we did not make any independent investigation of the information provided by any of those parties, and we did not prepare the Official Statement or the Disclosure Dissemination Agent Agreement. We are not passing on, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are accurate. Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that:

1. The Disclosure Dissemination Agent Agreement satisfies the requirements set forth in Section (b)(5) of Rule 15c2-12 promulgated under the Securities Act.

2. The Bonds are exempt from registration under the Securities Act, and the Bond Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

3. During the course of our work in connection with our representation of you, no information has come to our attention that causes us to believe that the Official Statement as of date of this letter (except for any financial and statistical data and forecasts, numbers, estimates, assumptions, information concerning the Depository Trust Company and book-entry only system for the Bonds, or expressions of opinion included in the Official Statement or in the Appendices thereto, all of which we expressly exclude from the scope of this sentence), contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

We express no view as to the laws of any jurisdiction other than the laws of the State of West Virginia and the federal laws of the United States of America as in effect as of the date hereof. The views expressed above are limited to the matters set forth above, and no opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this letter if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the views expressed herein after the date hereof.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriters; 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. Without limiting the foregoing, this letter may not be relied upon by the holders of the Bonds or any other person or entity to whom it is not specifically addressed.

Very truly yours,

Jackson Kelly PLLC

JACKSON KELLY PLLC

The City of Morgantown
389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505

Legal Department

December 1, 2016

The City of Morgantown (West Virginia)
$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Ladies and Gentlemen:

I am General Counsel for The City of Morgantown (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated November 15, 2016 (the "Purchase Agreement"), between Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself, Citigroup Capital Markets Inc. and Crews & Associates, Inc., (collectively, the "Underwriters") and the Issuer. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of

West Virginia, specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Ordinance of the Issuer relating to the Bonds enacted on February 2, 2016, as supplemented by a Supplemental Resolution adopted November 1, 2016 and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Series 2016 A Bond Legislation"), and the Disclosure Dissemination Agent Agreement entered into on December 1, 2016 by and among the Issuer, the Morgantown Utility Board and Digital Assurance Certification L.L.C. (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated November 3, 2016, the Official Statement dated November 15, 2016, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement"), the Insurance Agreement dated December 1, 2016 between the Issuer and Assured Guaranty Municipal Corp. (the "Insurance Agreement"), and a closing certificate of the Issuer (collectively, the "Legal Documents"). Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of West Virginia, and has all requisite power and authority thereunder: (a) to enact the Authorizing Ordinance, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Gross Revenues as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;

2. The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (1) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;

3. The Authorizing Ordinance was duly enacted by the City Council of the Issuer at meetings of the City Council of the Issuer which were called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Ordinance;

4. The adoption of the Authorizing Ordinance, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents do not and will not conflict with or violate in any material respect any West Virginia constitutional, statutory or regulatory provision or, to the best of my knowledge after due inquiry, conflict with or constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;

5. The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

6. No litigation is pending or, to the best of my knowledge after due inquiry, threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to the exercise of their respective positions with respect to the Authorizing Ordinance or execution of the Legal Documents, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Ordinance or the Legal Documents, or

contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Ordinance or the Legal Documents;

7. The information contained in the Official Statement under the captions "THE ISSUER AND THE MORGANTOWN UTILITY BOARD," "LITIGATION" and "CONTINUING DISCLOSURE" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

8. To the best of my knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion is expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriters); and

9. To the best of my knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or administrative regulation of the State of West Virginia or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents.

I hereby consent to the references made by me in the Official Statement.

Very truly yours,



Ryan Simonton
City Attorney

627490.00049

7340894.3

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MUB

www.mub.org

December 1, 2016

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Morgantown Utility Board,
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Assured Guaranty Municipal Corp.
New York, New York

Ladies and Gentlemen:

I am General Counsel to the Morgantown Utility Board, Morgantown, West Virginia (the "Utility Board"), and in that capacity, in connection with the issuance and sale by The City of Morgantown (the "City") of the above-referenced Bonds (the "Series 2016 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated November 15, 2016 (the "Purchase Agreement") between Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriters"), and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2016 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, including Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2016 A Bonds enacted on February 2, 2016, as supplemented by a supplemental resolution adopted by the Council of the City on November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Bond Legislation"), the Preliminary Official Statement dated November 3, 2016, and the Official Statement dated November 15, 2016, with respect to the issuance and offering of the Series 2016 A Bonds (the "Official Statement"), the Insurance Agreement dated December 1, 2016 between the Issuer and Assured Guaranty Municipal Corp. (the "Insurance Agreement"), and certifications of the Utility Board. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. No litigation is pending, or to my knowledge, threatened in any court in any way affecting the existence of the Utility Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2016 A Bonds, or the collection of revenues and assets of the Combined Utility System pledged or to be pledged to pay the principal of and interest on the Series 2016 A Bonds, or the pledge thereof, or the construction of the Project, or any transaction described in or contemplated by the Official Statement;

2. That the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the Utility Board and/or the Combined Utility System of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Utility Board, in light of the circumstances under which they were made, not misleading; and

3. The statements contained in the Official Statement under the captions "PURPOSE AND PLAN OF FINANCING," "THE ISSUER AND THE MORGANTOWN UTILITY BOARD," "MUB PENSION OBLIGATIONS," "THE COMBINED UTILITY SYSTEM," "MUB CAPITAL IMPROVEMENT PROGRAM," "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES," "LITIGATION," "LEGAL MATTERS" and "CONTINUING DISCLOSURE," insofar as such statements contained under such captions relate to the Utility Board and/or the Combined Utility System, or purport to summarize certain matters set forth therein, are accurate and present a fair summary of the matters referred to therein.

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

Very truly yours,

MORGANTOWN UTILITY BOARD



Timothy Stranko
General Counsel

627490.00049

7340897.4

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. AWARD OF SERIES 2016 A BONDS; SIGNATURES
5. DELIVERY AND PAYMENT
6. CERTIFICATION OF DOCUMENTS
7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
8. MEETINGS, ETC.
9. INCUMBENCY AND OFFICIAL NAME
10. RATES
11. OFFICIAL STATEMENT CERTIFICATION
12. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 7(a)(vii)(7)
13. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
14. PRIVATE USE OF FACILITIES
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. SPECIMEN SERIES 2016 A BONDS
18. RELIANCE OF BOND COUNSEL
19. USE OF SERIES 2016 A BOND PROCEEDS
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CITY CLERK of The City of Morgantown, West Virginia (the "Issuer") hereby certify, on this the 1st day of December, 2016, in connection with the $69,755,000 aggregate principal amount of The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), dated the date hereof, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance of the Issuer duly enacted February 2, 2016, as supplemented by a Supplemental Resolution duly adopted November 1, 2016 and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Series 2016 A Bond Legislation"), the Bond Purchase Agreement dated November 15, 2016 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriters, and the Disclosure Dissemination Agent Agreement dated December 1, 2016, by and among the Issuer, the Morgantown Utility Board and Digital Assurance Certification L.L.C. (the "Undertaking").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2016

A Bonds, or the collection of the Gross Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2016 A Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2016 A Bonds, nor in any manner affecting the validity or enforceability of the Series 2016 A Bonds, the Series 2016 A Bond Legislation, the Undertaking or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2016 A Bonds; nor in any manner questioning the valid existence of the Issuer; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2016 A Bonds which are not set forth in the Official Statement relating to the Series 2016 A Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Series 2016 A Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. AWARD OF THE SERIES 2016 A BONDS; SIGNATURES: The Series 2016 A Bonds were awarded to Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriters") pursuant to the terms of the Bond Purchase Agreement by and between the Underwriters and the Issuer, for a purchase price of $74,360,351.88 (representing par value of $69,755,000, less an Underwriters' discount of $277,937.12 and plus a net original issue premium of $4,883,289.00). There is no accrued interest on the Series 2016 A Bonds.

As of the date hereof, the Series 2016 A Bonds were duly signed by the manual signature of the Mayor of the Issuer, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the City Clerk of the Issuer.

5. DELIVERY AND PAYMENT: The undersigned Mayor did, on the date hereof, deliver to the Underwriters, the entire issue of the Series 2016 A Bonds in various denominations and numbered AR-1 to AR-23, inclusive. At the time of delivery of the Series 2016 A Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Series 2016 A Bonds

Par Amount	$69,755,000.00
Plus: Net Original Issue Premium	4,883,289.00
Less: Underwriter's Discount	(277,937.12)
Total	$74,360,351.88

6. CERTIFICATION OF DOCUMENTS: There are delivered herewith true, correct and complete copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented, rescinded or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Resolution

Conformed Bond Ordinance

Certificate of Determinations

City Charter

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

Sewer Rate Ordinance

Stormwater Rate Ordinance

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Official Statement

Bond Purchase Agreement

Disclosure Dissemination Agent Agreement

Consent of West Virginia Water Development Authority

Bond Construction Trust Fund Agreement

7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since November 15, 2016. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (2) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B

Bonds"); (3) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia DWTRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (4) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (5) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (6) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (7) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds"); (10) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); (11) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"); (12) Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds"); (13) Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421 (the "Series 2014 B Bonds"); (14) Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568 (the "Series 2015 A Bonds"); (15) Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586 (the "Series 2015 B Bonds"); (16) Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813 (the "Series 2015 C Bonds"); (17) Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394 (the "Series 2015 D Bonds"); (18) Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300 (the "Series 2015 E Bonds" and, collectively with the bonds listed above, the "Prior Bonds"). The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinances.

The Series 2016 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the registered owners of the Series 2000 A Bonds, Series 2000 B Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other

bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System. The Issuer expects to issue Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the original aggregate principal amount of $25,000,000 (the "Series 2016 B-1 Bonds") and Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green), in the original aggregate principal amount of $500,000 (the "Series 2016 B-2 Bonds") in early to mid-December of 2016.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2016 A Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Morgantown". The Issuer is a municipal corporation in Monongalia County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor and six (6) councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Marti Shamberger, Mayor	July 1, 2015	June 30, 2017
Ron Bane	July 1, 2015	June 30, 2017
Bill Kawecki	July 1, 2015	June 30, 2017
Wes Nugent	July 1, 2015	June 30, 2017
Jenny Selin	July 1, 2015	June 30, 2017
Jay Redmond	July 1, 2015	June 30, 2017
Nancy Ganz	July 1, 2015	June 30, 2017

The duly appointed City Clerk is Linda Little and the duly appointed Counsel to the Issuer is Ryan Simonton.

10. RATES: The Issuer has duly enacted a sewer rate ordinance on February 2, 2016, duly enacted a water rate ordinance on February 2, 2016 and duly enacted a stormwater rate ordinance on December 6, 2011, setting rates and charges of the Combined Utility System, which rates are currently in full force and effect.

11. 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 the light of the circumstances under which they were made, not misleading.

12. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 7(a)(vii)(7): Undersigned Mayor of the Issuer hereby certifies that: (a) the representations and agreements of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as of the date hereof; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Official Statement, no litigation is pending or, to my knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Series 2016 A Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Series 2016 A Bonds or the validity of the Series 2016 A Bonds, the Bond Ordinance or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Series 2016 A Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Official Statement or any or all of the Legal Documents; and (d) the Official Statement is true and correct in all material respects and does 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.

13. DESIGNATION OF REGISTRAR AND PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of United Bank, Inc., Charleston, West Virginia, as Registrar and Depository Bank and confirms the appointment of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

14. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Series 2016 A Bonds and the interest thereon. Less than 10% of the proceeds of the Series 2016 A Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Series 2016 A Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Series 2016 A Bonds, including the disproportionate related business use of the proceeds of the Series 2016 A Bonds, and none of the payment of principal of or interest on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be

used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Series 2016 A Bonds. None of the proceeds of the issue of the Series 2016 A Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

15. NO FEDERAL GUARANTY: The Series 2016 A Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G for the Series 2016 A Bonds and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah. The information set forth in such Form 8038-G is true, correct and complete in all respects.

17. SPECIMEN SERIES 2016 A BONDS: Delivered concurrently herewith are true and accurate specimen of the Series 2016 A Bonds.

18. RELIANCE OF BOND COUNSEL: The undersigned acknowledge that it is intended that interest on the Series 2016 A Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

19. USE OF BOND PROCEEDS: The proceeds of the Series 2016 A Bonds will be used to pay a portion of the costs of design, acquisition, construction and equipping of the Project, to pay a premium for a municipal bond debt service reserve policy for the Series 2016 A Bonds, to pay the premium for a municipal bond insurance policy and to pay costs of issuance of the Series 2016 A Bonds and other costs in connection with the issuance of the Series 2016 A Bonds.

20. EXECUTION OF COUNTERPARTS: This Certificate may be executed in 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 MORGANTOWN on the day and year first written above.

[CORPORATE SEAL]

Signature	Official Title
Marti Shamberger	Mayor
Linda L Tucker	City Clerk

627490.00049

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Mayor of The City of Morgantown (the "Issuer"), on this 1st day of December, 2016, being the official of the Issuer duly charged with the responsibility for the issuance of the $69,755,000 Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), dated December 1, 2016, hereby certifies as follows, (all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on February 2, 2016, as supplemented by Supplemental Resolution adopted by the Issuer on November 1, 2016, and the Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Bond Legislation"), pursuant to which the Series 2016 A Bonds are issued):

A. 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. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Bond Legislation.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

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

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

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

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

"**Bond Act**" means Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended.

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

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

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

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

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

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

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

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

(d) trustee fees and registrar fees;

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

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

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

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

"**Date of Issue**" means December 1, 2016.

"**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 accrues 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 governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) 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. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

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

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

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

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

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

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

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $74,638,289.00 being the Issue Price of the Series 2016 A Bonds.

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

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

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

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

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

"**Proceeds**" 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 Section 1.148-2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative cost recoverable under Section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2016 A 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 2016 A 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 IRS. 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 Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in Section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2016 A Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under Section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2016 A Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

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

"**Underwriter**" means, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets, Inc. and Crews & Associates, Inc.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2016 A Bonds under Section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2016 A Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under Section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2016 A Bonds thereunder must be determined under Section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

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

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

"**Value of an Investment**" means the value of an investment determined under Section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any

fixed rate investment (within the meaning of Section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

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 of issuing the Series 2016 A Bonds. I am familiar with the facts, circumstances, and estimates herein certified and I 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. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 1, 2016, the date on which the Series 2016 A 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 2016 A Bonds which would cause the Series 2016 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2016 A Bonds) so that the interest on the Series 2016 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Series 2016 A Bonds were sold on November 15, 2016, to the Underwriter for a purchase price of $74,360,351.88 (par amount of $69,755,000.00 plus a net original issue premium of $4,883,289.00 and less underwriter's discount of $277,937.12).

7. The Series 2016 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the following purposes: (i) to finance a portion of the costs of acquisition

and construction of certain additions, betterments and improvements to the existing wastewater portion of the combined utility system of the Issuer; (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. (the "Bond Insurer"); (iii) to purchase from the Bond Insurer a municipal bond insurance policy (the "Series 2016 A Insurance Policy" and collectively with the Series 2016 A Reserve Policy the "Insurance Policies") for the Series 2016 A Bonds; and (iv) to pay certain costs of issuance and related costs.

8. The sources of proceeds of the Series 2016 A Bonds is as follows:

SOURCES	
Series 2016 A Bonds	$69,755,000.00
Net Original Issue Premium	4,883,289.00
Total	$74,638,289.00

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

USES	
Deposit to Project Fund	$73,702,732.60
Underwriter's Discount	277,937.12
Bond Insurance Premium	229,968.86
Reserve Fund Insurance Premium	84,199.75
Cost of Issuance	343,450.67
Total	$74,638,289.00

10. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2016 A Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2016 A Bonds.

11. The yield on the Series 2016 A Bonds, as so computed, has been determined to be 3.671342% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2016 A Bonds. The yield on the Series 2016 A 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 2016 A Bonds produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Series 2016 A Bonds as of the sale date, which was November 15, 2016. In order for the guarantee of the Series 2016 A Bonds (including the Insurance Policies) 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 2016 A Bonds. For this

purpose, as calculated by the Underwriter, present value was determined with regard to the premiums on the Insurance Policies at the discount rate.

(b) The Insurance Policies each imposes 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 2016 A Bonds to the Bond Insurer. The Bond Insurer is not a co-obligor with the Issuer on the Series 2016 A Bonds. That is, the Bond Insurer does not expect to make any payments other than under an arrangement under which the guarantor will be immediately reimbursed. The Bond Insurer and any related parties will not use more than 10% of the proceeds of the Series 2016 A Bonds.

(c) The fees for the Insurance Policies, respectively, in the combined amount of $314,168.61 do not exceed a reasonable, arm's length charge for the transfer of credit risk, as certified by the Underwriter.

(d) The premiums paid to the Bond Insurer do not include any payment for any direct or indirect services other than the transfer of credit risk.

C. THE SERIES 2016 A BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2016 A Bonds are set forth on Exhibit B attached hereto.

2. A Sinking Fund for the Series 2016 A Bonds is created under the Bond Legislation. Monies deposited in the Series 2016 A Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Series 2016 A Bonds. The Series 2016 A Bonds all bear interest at a fixed interest rate and the average maturity of the Series 2016 A Bonds is in excess of 5 years. The Series 2016 A Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2016 A Bonds within each Bond Year. All monies held in the Series 2016 A Sinking Fund will be used to pay debt service on the Series 2016 A Bonds. The Series 2016 A Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2016 A Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. A Reserve Account is created under the Bond Legislation for the Series 2016 A Bonds in an aggregate amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds (the "Reserve Account Requirement"). The Series 2016 A Reserve Account has been financed with the Series 2016 A Reserve Account Policy the premium for which in the amount of $84,199.75 was paid with proceeds of the Series 2016 A 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 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Series 2016 A Bonds, and depletion in

full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2016 A Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

5. A Redemption Account for the Series 2016 A 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 2016 A 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 2016 A Bonds in the amount of $343,460.57, to pay costs of issuance of the Series 2016 A 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. A Construction Fund is created under the Bond Legislation to be funded only from remaining proceeds of the Series 2016 A Bonds to pay costs of the Project. The Issuer expects that at least 85% of the net sale proceeds of the Series 2016 A Bonds will be allocated to expenditures on the Project within 3 years from the date hereof. The Issuer has made, or has entered into or will enter into within six (6) months of the date hereof, binding contracts or commitments obligating the expenditure of, not less than the lesser of $100,000 or 5% of the net sale proceeds of the Series 2016 A Bonds on capital expenditures associated with the Project. The Issuer expects that work with respect to the completion of the Project and the allocation of the net sale proceeds of the Series 2016 A Bonds will proceed with due diligence. Pending such disbursement, monies in the Construction Fund may be invested without restriction as to yield. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project financed by proceeds of the Series 2016 A Bonds will be sold or otherwise disposed of prior to the last maturity date of the Series 2016 A Bonds. None of the proceeds of the Series 2016 A Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

Except for the proceeds of the Series 2016 A Bonds designated for the Project, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2016 A Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2016 A Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Series 2016 A Bonds or to the governmental purpose of the Series 2016 A Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2016 A Bonds were not used or to be used for that governmental purpose.

8. 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 2016 A Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2016

A Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2016 A Bonds.

9. Accrued interest, if any, with respect to the Series 2016 A Bonds in an amount less than 6 month's interest on the Series 2016 A Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2016 A Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

D. REBATE OF EXCESS ARBITRAGE

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 Sections 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 to be held by the Depository Bank. 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) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Accounts, and (ii) 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 2016 A Bonds as required by the Code and Regulations. If any of the Series 2016 A 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 2016 A 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 this section E(1)(c) that are allocable to Gross Proceeds of the Series 2016 A Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2016 A Bonds, any unrealized gains or losses as of the date of retirement of the Series 2016 A 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 2016 A Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. 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 2016 A 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 2016 A Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2016 A 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 2016 A 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 2016 A Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2016 A Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2016 A 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 2016 A 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. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2016 A 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 2016 A Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

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

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

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

(iii) The Issuer shall keep and record the data described in section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2016 A 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 2016 A Bonds.

E. MISCELLANEOUS

1. The Series 2016 A Bonds is considered a single issue pursuant to Section 1.150-1(c) of the Regulation.

2. The amount designated as "Cost of Issuance" of the Series 2016 A Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2016 A Bonds.

3. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

4. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 24 months.

5. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT C - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel. The Issuer agrees to monitor compliance with the requirements for maintaining tax exemption of the interest on the Series 2016 A Bonds and monitor the requirements of Section 148 of the Code in accordance with EXHIBIT D – TAX COMPLIANCE POLICIES attached hereto.

6. None of the proceeds of the Series 2016 A 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.

7. The original proceeds of the Series 2016 A Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

8. The Issuer shall use the proceeds of the Series 2016 A Bonds solely to pay the costs of acquisition and construction of the Project; fund the Series 2016 A Bonds Reserve Account; and to pay costs of issuance and related costs.

9. The Issuer shall not permit at any time or times any of the proceeds of the Series 2016 A 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 2016 A Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2016 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

10. The Series 2016 A 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.

11. 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 2016 A 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 2016 A 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.

12. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2016 A 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 2016 A 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.

13. No portion of the proceeds of the Series 2016 A 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 2016 A Bonds.

14. In connection with the Series 2016 A 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 and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2016 A Bonds or any contract securing the Series 2016 A 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 2016 A Bonds.

15. The Series 2016 A 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.

16. Other than the Issuer's Series 2016 B-1 Bonds and Series 2016 B-2 Bonds which are being issued on a taxable basis on the date hereof, no other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2016 A Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2016 A Bonds.

17. The issuance of the Series 2016 A Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

18. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2016 A Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

19. 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 2016 A Bonds from gross income for federal income tax purposes.

20. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2016 A 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 2016 A Bonds from the gross income of the holders thereof.

21. The Issuer shall comply with all yield restrictions on Series 2016 A Bond proceeds as set forth in the Code.

22. 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-exempt status of the Series 2016 A Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Legislation.

23. The Series 2016 A Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2016 A Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

24. Under Section 1.148-2(b) of the Regulations, 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 Section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2016 A Bonds.

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

26. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2016 A Bonds.

27. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage 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 2016 A Bonds from gross income of the recipients thereof for federal income tax purposes.

28. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature the day and year first written above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00049

7340458.5

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 23]

EXHIBIT B

PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND REDEMPTION TERMS

Principal Amounts, Interest Rates and Prices

$35,845,000 Series 2016 A Serial Bonds

Maturity Date	Amount	Rate	Yield	Price
12/1/2017	1,140,000	3.000%	1.070%	101.914
12/1/2018	1,180,000	4.000%	1.280%	105.354
12/1/2019	1,225,000	4.000%	1.470%	107.398
12/1/2020	1,285,000	5.000%	1.660%	112.874
12/1/2021	1,350,000	5.000%	1.860%	114.925
12/1/2022	1,420,000	5.000%	2.040%	116.636
12/1/2023	1,490,000	5.000%	2.290%	117.435
12/1/2024	1,565,000	5.000%	2.510%	117.945
12/1/2025	1,650,000	5.000%	2.710%	118.180
12/1/2026	1,730,000	5.000%	2.810%	118.976
12/1/2027	1,820,000	5.000%	2.920%	117.925
12/1/2028	1,895,000	3.000%	3.230%	97.726
12/1/2029	1,960,000	4.000%	3.310%	105.833
12/1/2030	2,040,000	4.000%	3.420%	104.877
12/1/2031	2,125,000	4.000%	3.540%	103.845
12/1/2032	2,210,000	4.000%	3.660%	102.825
12/1/2033	2,300,000	4.000%	3.710%	102.404
12/1/2034	2,390,000	3.625%	3.840%	97.224
12/1/2035	2,485,000	4.000%	3.800%	101.651
12/1/2036	2,585,000	4.000%	3.830%	101.401

$14,990,000 5.000% Term Bond Maturing December 1, 2041 at 3.630% Yield

$12,600,000 4.000% Term Bond Maturing December 1, 2046 at 4.080% Yield

$6,320,000 5.000% Term Bond Maturing December 1, 2046 at 3.680% Yield

Optional and Mandatory Redemption

Optional Redemption

The Series 2016 A Bonds are subject to redemption at par or at a redemption price of 100%, at the option of the Issuer on or after December 1, 2026, 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 Term Bonds due December 1, 2041 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2037	$2,705,000
2038	$2,845,000
2039	$2,990,000
2040	$3,145,000
2041*	$3,305,000

* Final Maturity

The 4.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$2,220,000
2043	$2,360,000
2044	$2,515,000
2045	$2,670,000
2046*	$2,835,000

* Final Maturity

The 5.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$1,245,000
2043	$1,255,000
2044	$1,260,000
2045	$1,275,000
2046*	$1,285,000

* Final Maturity

EXHIBIT C

IRS FORM 8038-G

[Included in Transcript as Document No. 34]

EXHIBIT D

Tax Compliance Policies

TAX COMPLIANCE POLICIES

The City of Morgantown

Purpose

Issuers of tax-exempt bonds must comply with 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 Morgantown (the *"Issuer"*) with these rules in connection with the issuance of the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "*Tax-Exempt 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 Mayor of the Issuer or his/her 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 Qualified Costs

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

- Bond proceeds will be disbursed pursuant to an approved form of requisition stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property and certify 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 Issuer. 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 summarized in a "final allocation" of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance of the Tax-Exempt Bonds).

- Expenditure of proceeds will be monitored against the 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 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.

- 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 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.

- 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, and Form 8038-G) 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, trustee statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use.

- 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.

Overall Responsibility

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

THE CITY OF MORGANTOWN

_____

By:
Title:

Date: December 1, 2016

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

REGISTRAR'S CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar and Depository Bank for the above-captioned Bonds (the "Series 2016 A Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Bond Ordinance of The City of Morgantown (the "Issuer") enacted on February 2, 2016, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Series 2016 A 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 Series 2016 A Bond Legislation and to serve in the capacity of Registrar and Depository Bank under the Series 2016 A Bond Legislation.

2. The Bank has duly authorized, by all necessary action, the authentication of the Series 2016 A Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar and Depository Bank under the Series 2016 A Bond Legislation, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

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

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

Name	Title	Signature
Kathy Smith	Vice President	

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

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on this 1st day of December, 2016.

United Bank, Inc.

By: Michelle R. Wittekind
Its: Authorized Officer

627490.00049

7340332.3

EXHIBIT A

SERIES 2016 A BOND TERMS

THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No. Base #61759C
AR-1	2017	$1,140,000	3.000%	1.070%	BD9
AR-2	2018	$1,180,000	4.000%	1.280%	BE7
AR-3	2019	$1,225,000	4.000%	1.470%	BF4
AR-4	2020	$1,285,000	5.000%	1.660%	BG2
AR-5	2021	$1,350,000	5.000%	1.860%	BH0
AR-6	2022	$1,420,000	5.000%	2.040%	BJ6
AR-7	2023	$1,490,000	5.000%	2.290%	BK3
AR-8	2024	$1,565,000	5.000%	2.510%	BL1
AR-9	2025	$1,650,000	5.000%	2.710%	BM9
AR-10	2026	$1,730,000	5.000%	2.810%	BN7
AR-11	2027	$1,820,000	5.000%	2.920%	BP2
AR-12	2028	$1,895,000	3.000%	3.230%	BQ0
AR-13	2029	$1,960,000	4.000%	3.310%	BR8
AR-14	2030	$2,040,000	4.000%	3.420%	BS6
AR-15	2031	$2,125,000	4.000%	3.540%	BT4
AR-16	2032	$2,210,000	4.000%	3.660%	BU1
AR-17	2033	$2,300,000	4.000%	3.710%	BV9
AR-18	2034	$2,390,000	3.625%	3.840%	BW7
AR-19	2035	$2,485,000	4.000%	3.800%	BX5
AR-20	2036	$2,585,000	4.000%	3.830%	BY3
AR-21	2041	$14,990,000	5.000%	3.630%	BZ0
AR-22	2046	$12,600,000	4.000%	4.080%	CA4
AR-23	2046	$6,320,000	5.000%	3.680%	CB2

THE CITY OF MORGANTOWN

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

CERTIFICATE OF THE UNDERWRITER

This Certificate is furnished by Merrill Lynch, Pierce, Fenner & Smith Incorporated as representative of the underwriters (the "Underwriters") in connection with the sale and issuance by The City of Morgantown, West Virginia (the "Issuer") of its $69,755,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds") issued December 1, 2016, and the Underwriters hereby certify and represent the following, based upon information available to us:

1. Based on our assessment of the then prevailing market conditions, the Underwriters reasonably expected when they agreed to purchase the Bonds (the "Sale Date") that the first prices at which at least 10% of each maturity of the Bonds would be sold by the Underwriters to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public") would be prices not higher than or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity on Schedule A hereto (the "Initial Offering Prices").

2. All of the Bonds have actually been offered to the Public in a bona fide public offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Offering Prices.

3. The first price, or yield in the case of obligations sold on a yield basis, at which ten percent (10%) of each maturity of the Bonds has been sold to the Public was at a price not higher than, or, in the case of obligations sold on a yield basis, at a yield not lower than, the Initial Offering Prices.

4. The Underwriters had no reason to believe that any of the Initial Offering Prices of the Bonds exceeded the expected fair market value of the Bonds as of the Sale Date.

We understand 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 by Steptoe & Johnson PLLC, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or

institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Representative of the Underwriters

By: 
Eugene P. Spinelli
Managing Director, Public Finance Group

Dated: December 1, 2016

627490.00049

SCHEDULE A

THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

Bond No.	Maturity Date (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No. Base #61759C
AR-1	2017	$1,140,000	3.000%	1.070%	BD9
AR-2	2018	$1,180,000	4.000%	1.280%	BE7
AR-3	2019	$1,225,000	4.000%	1.470%	BF4
AR-4	2020	$1,285,000	5.000%	1.660%	BG2
AR-5	2021	$1,350,000	5.000%	1.860%	BH0
AR-6	2022	$1,420,000	5.000%	2.040%	BJ6
AR-7	2023	$1,490,000	5.000%	2.290%	BK3
AR-8	2024	$1,565,000	5.000%	2.510%	BL1
AR-9	2025	$1,650,000	5.000%	2.710%	BM9
AR-10	2026	$1,730,000	5.000%	2.810%	BN7
AR-11	2027	$1,820,000	5.000%	2.920%	BP2
AR-12	2028	$1,895,000	3.000%	3.230%	BQ0
AR-13	2029	$1,960,000	4.000%	3.310%	BR8
AR-14	2030	$2,040,000	4.000%	3.420%	BS6
AR-15	2031	$2,125,000	4.000%	3.540%	BT4
AR-16	2032	$2,210,000	4.000%	3.660%	BU1
AR-17	2033	$2,300,000	4.000%	3.710%	BV9
AR-18	2034	$2,390,000	3.625%	3.840%	BW7
AR-19	2035	$2,485,000	4.000%	3.800%	BX5
AR-20	2036	$2,585,000	4.000%	3.830%	BY3
AR-21	2041	$14,990,000	5.000%	3.630%	BZ0
AR-22	2046	$12,600,000	4.000%	4.080%	CA4
AR-23	2046	$6,320,000	5.000%	3.680%	CB2

PERRY & Associates
Certified Public Accountants, A.C.

428 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

December 1, 2016

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Citigroup Capital Markets Inc.
New York, New York

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 Morgantown (the "Issuer") on February 2, 2016, the water rate ordinance enacted on February 2, 2016, and the stormwater rate ordinance enacted on December 6, 2011, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks, sewerage and stormwater 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 Combined Utility System Revenue Bonds, Series 2016 A, issued in the original aggregate principal amount of $69,755,000 (the "Series 2016 A Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's:

(1) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds");

(2) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds");

(3) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds");

(4) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(5) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds");

(6) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(7) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

(8) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(9) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds");

(10) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds");

(11) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds");

(12) Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds");

(13) Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421 (the "Series 2014 B Bonds");

(14) Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568 (the "Series 2015 A Bonds");

(15) Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586 (the "Series 2015 B Bonds");

(16) Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813 (the "Series 2015 C Bonds");

(17) Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394 (the "Series 2015 D Bonds"); and

(18) Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300 (the "Series 2015 E Bonds" and, collectively with the Bonds listed above, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2016 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2016 A 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 2016 A Bonds and the Prior Bonds.

Very truly yours,

Perry & Associates

PERRY & ASSOCIATES

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

CERTIFICATE OF THE MORGANTOWN UTILITY BOARD

I, J.T. Straface, Chairman of the Morgantown Utility Board, hereby certify as follows:

1. The financial statements of the Morgantown Utility Board as of June 30, 2016 fairly represent the receipts, expenditures, assets, liabilities and cash balances of the Combined Utility System and, insofar as presented, other funds of the Combined Utility System as of the dates and for the periods therein set forth;

2. Except as disclosed in the Official Statement, since June 30, 2016, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Combined Utility System and the Combined Utility System has not incurred since June 30, 2016, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

3. The representations and agreements of the Utility Board contained herein are true and correct in all material respects as of the date of the Closing;

4. Except as described in the Official Statement, no litigation is pending or, to the Chairman's knowledge, threatened (i) seeking to restrain or enjoin the Project, (ii) in any way contesting the creation, existence or powers of the Utility Board or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iii) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Utility Board or the Combined Utility System or the transactions contemplated by the Official Statement or any or all of the Legal Documents; and

5. The Official Statement is true and correct in all material respects and does 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.

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WITNESS my signature and seal on this 1st day of December, 2016.

MORGANTOWN UTILITY BOARD

[SEAL]

By: _____
Chairman

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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 03, 2016

NEW ISSUE
BOOK ENTRY ONLY

RATINGS: Standard & Poor's: "A+"
Moody's: "A1"
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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Code and such interest is not a specific item of tax preference for purposes of the Federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the 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 Section 8-20-5 and "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION" herein. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$62,475,000*
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2016 A

Dated: Date of Delivery

Due: As shown on inside front cover

The Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), are being issued by The City of Morgantown, West Virginia (the "Issuer"), to provide funds, along with the proceeds of the Series 2016 B Bonds (herein defined) and available funds of the Combined Utility System (herein defined): (i) to design, acquire, construct and equip certain additions, betterments and improvements to the sanitary sewerage treatment and collection portion of the Issuer's existing combined potable water, sanitary sewer and stormwater utility system (collectively, the "Project," as herein further described); (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); and (iii) to pay Costs of Issuance (defined herein) of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds Reserve Account shall be funded through the Series 2016 A Reserve Policy issued simultaneously with the delivery of the Series 2016 A Bonds by the Bond Insurer in the amount equal to the Series 2016 A Bonds Reserve Requirement. For a description of the Series 2016 A Reserve Policy and the Bond Insurer, see "SECURITY FOR THE SERIES 2016 A BONDS – Sources of Payment" and "APPENDIX G – DESCRIPTION OF BOND INSURER" herein.

Interest on the Series 2016 A Bonds is payable on each June 1 and December 1, commencing June 1, 2017 (each, a "Payment Date"). So long as the Series 2016 A Bonds are maintained under a book-entry system, payments of the principal of, and premium, if any, and interest on, the Series 2016 A 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 thereof.

The Series 2016 A Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein. See "THE SERIES 2016 A BONDS – Redemption Provisions for Series 2016 A Bonds" herein.

The Series 2016 A Bonds are limited special obligations of the Issuer payable solely from and secured by the Gross Revenues (herein defined) derived from the combined potable water, sanitary sewer and stormwater utility system of the Issuer, which is managed, operated and maintained by the Morgantown Utility Board ("MUB"), and any extensions, improvements and betterments thereto, specifically including, but not limited to, the Project (collectively, the "Combined Utility System"), on a parity with the Series 2016 B Bonds issued concurrently herewith, and the Prior Bonds (herein defined), any Additional Parity Bonds (herein defined) that may hereafter be issued by the Issuer, and from funds on deposit in, and with respect to the Series 2016 A Bonds Reserve Account, the Series 2016 A Bonds Reserve Policy pledged to, the Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account, and the unexpended proceeds of the Series 2016 A Bonds, all as more fully described herein. See "INTRODUCTION – Concurrent Financing for the Project by the Issuer" herein.

The Series 2016 A 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 2016 A Bonds or the interest thereon except from the above-referenced Gross Revenues and the Series 2016 A Bonds Sinking Fund and Series 2016 A Bonds Reserve Account therein. The Series 2016 A 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 2016 A Bonds.

The Series 2016 A Bonds are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2016 A Bonds will not receive certificates representing their interests in the Series 2016 A Bonds purchased. The Series 2016 A Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York.

This cover page contains only a brief description of the Issuer, the Project, and the Series 2016 A 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 2016 A Bonds are offered for delivery when, as and if issued and received by the Underwriters, 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 MUB in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriters by Jackson Kelly PLLC, Underwriters' Counsel. Certain legal matters will be passed upon for the Issuer by its City Attorney, Ryan Simonton. Certain legal matters will be passed upon for MUB by its General Counsel, Timothy Stranko. It is expected that the Series 2016 A Bonds will be available for delivery through The Depository Trust Company on or about December __, 2016.

BofA Merrill Lynch

Citigroup **Crews & Associates, Inc.**

Dated: November __, 2016

* Preliminary, subject to change.

DRAFT

$62,475,000*
The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

MATURITIES, AMOUNTS AND INTEREST RATES*

$30,830,000* Serial Bonds

Maturing (Dec. 1)	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP** Base #446834	Maturing (Dec. 1)	Principal Amount*	Interest Rate (%)	Yield (%)	CUSIP** Base #446834
2017	$920,000				2027	$1,515,000			
2018	$965,000				2028	$1,595,000			
2019	$1,015,000				2029	$1,675,000			
2020	$1,070,000				2030	$1,760,000			
2021	$1,125,000				2031	$1,855,000			
2022	$1,180,000				2032	$1,950,000			
2023	$1,240,000				2033	$2,050,000			
2024	$1,305,000				2034	$2,150,000			
2025	$1,370,000				2035	$2,265,000			
2026	$1,445,000				2036	$2,380,000			

$13,855,000* _____% Term Bonds due December 1, 2041 at _____% CUSIP: ___
$17,790,000* _____% Term Bonds due December 1, 2046 at _____% CUSIP: ___

*Preliminary, subject to change.

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

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THE CITY OF MORGANTOWN

MAYOR

Marti Shamberger, Mayor

COUNCIL

Marti Shamberger
Bill Kawecki
Wes Nugent
Nancy Ganz
Ron Bane
Jennifer Selin
Jay Redman

INTERIM CITY MANAGER

Glen Kelly

CITY CLERK

Linda L. Tucker

CITY ATTORNEY FOR THE CITY OF MORGANTOWN

Ryan Simonton, Esquire

MORGANTOWN UTILITY BOARD

J.T. Straface
John Ganz
Ron Bane
Frank Scafella
William Rice

GENERAL MANAGER

Timothy Ball, P.E.

GENERAL COUNSEL FOR MORGANTOWN UTILITY BOARD

Timothy Stranko, Esquire

MUNICIPAL ADVISOR

Public Financial Management, Inc.

BOND COUNSEL

Steptoe & Johnson PLLC

PAYING AGENT

West Virginia Municipal Bond Commission

REGISTRAR

United Bank, Inc.

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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 2016 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Issuer, MUB or the Underwriters 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, MUB 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 Underwriters. 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, MUB or the Combined Utility 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, MUB 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, MUB or the Combined Utility System.

The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the Combined Utility System, and from the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Bonds Reserve Account therein, and the unexpended proceeds of the Series 2016 A Bonds, all as herein provided. No Holder or Holders of the Series 2016 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2016 A Bonds or the interest thereon.

Debt Service Reserve Insurance Policy

AGM makes no representation regarding the Series 2016 A Bonds or the advisability of investing in the Series 2016 A Bonds. In addition, AGM 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 AGM, supplied by AGM and presented in "APPENDIX G – DESCRIPTION OF BOND INSURER" and "APPENDIX H – 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

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this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

The Series 2016 A 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 Underwriters for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Series 2016 A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$62,475,000*
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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 Morgantown, a political subdivision and municipal corporation of the State of West Virginia (the "Issuer"), of $62,475,000* in aggregate principal amount of its Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"). The Series 2016 A 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 February 2, 2016, supplemented by a Supplemental Parameters Resolution adopted by the Council of the Issuer on November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November __, 2016 (said ordinance, as so supplemented, is collectively referred to herein as the "Series 2016 A Ordinance").

Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Series 2016 A Ordinance.

The City of Morgantown

The Issuer is a municipality of approximately 30,000 residents, located in Monongalia County, West Virginia (the "County"). The Issuer, through the Morgantown Utility Board (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, the "Water System"), 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, the "Sewer System") and stormwater management and containment service (collectively, the assets specifically including, but not limited to, real and personal property, associated with providing such service, as presently and hereafter existing, the "Stormwater System") to the residents of the Issuer, as well as to customers located in surrounding municipalities and unincorporated areas of the County, both directly as retail customers and through bulk sales to surrounding utilities. Pursuant to the Act, the Issuer enacted an ordinance on September 1, 1987 (as supplemented, the "MUB Ordinance"), creating the Morgantown Utility Board ("MUB") for the purpose of operating, managing and maintaining the Water System and the Sewer System as a combined water and wastewater system under the Act. Pursuant to an ordinance enacted by the Council of the Issuer on May 21, 2002, a stormwater utility was created, the management, control and operation of which was vested in MUB. Pursuant to an ordinance enacted by the Council of the Issuer on May 1, 2007, the Stormwater System, was combined with the existing combined water and wastewater system to create a combined water, wastewater and stormwater system, as authorized by the Act (collectively, the "Combined Utility System").

Pursuant to the Act, the Issuer, through its City Council, retains the following authority with respect to MUB and the Combined Utility System:

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

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

c. Issuance of bonds, notes and other debt obligations secured by the revenues from the Combined Utility System; and

d. Approval of capital projects for the Combined Utility System which are not "in the normal course of business."

* Preliminary, subject to change.

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The Combined Utility System is an "enterprise" of the Issuer and, as such, the Gross Revenues from, and assets of, the Combined Utility System may only be used for the purposes of the Combined Utility System. Gross Revenues are defined in the Series 2016 A Bond Ordinance as: the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets, including Qualified Investments or any Tap Fees. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

Morgantown Utility Board

MUB has control over, and is responsible for, all aspects of the management, operation, maintenance, expansion and improvement of the Combined Utility System with the exception of the powers specifically reserved to City Council pursuant to the Act, as set forth herein. MUB operates as an independent and autonomous agency of the City, funded entirely from the Gross Revenues of the Combined Utility System.

MUB provides direct potable water service to approximately 26,000 service connections and direct sewer service to approximately 23,100 service connections. The Stormwater System serves 15,200 customers in the City and surrounding unincorporated areas. MUB provides wholesale potable water and/or wastewater conveyance and treatment to a variety of resale customers which serve, in aggregate, approximately 17,700 customers in their respective service territories. See "THE ISSUER AND THE MORGANTOWN UTILITY BOARD" herein.

Use of the Series 2016 A Bonds Proceeds

The net proceeds from the sale of the Series 2016 A Bonds will be applied as follows: (i) to pay, along with the proceeds of the Series 2016 B Bonds and available funds of the Combined Utility System, the costs to design, acquire, construct and equip certain additions, betterments and improvements to the Sewer System of the Combined Utility System (collectively, the "Project," as hereinafter described); (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); and (iii) to pay costs of issuance of the Series 2016 A Bonds and related costs. See "INTRODUCTION – Concurrent Financing for the Project by the Issuer" and "PURPOSE AND PLAN OF FINANCING" herein.

The portion of the proceeds of the Series 2016 A Bonds to be used to finance the costs of the Project shall be deposited in a segregated account known as the Series 2016 A Bonds Construction Account. The proceeds of the Series 2016 A Bonds will be invested in Permitted Investments pursuant to the Series 2016 A Ordinance.

Concurrent Financing for the Project by the Issuer

In order to finance the costs of the design, acquisition, construction, and equipping of the Project not to be paid from the proceeds of the Series 2016 A Bonds and available funds of the Combined Utility System, the Issuer intends to, simultaneously with the issuance of the Series 2016 A Bonds, issue its Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of $25,000,000 (the "Series 2016 B-1 Bonds) and its Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program-Green), in the aggregate principal amount of $500,000 (the "Series 2016 B-2 Bonds" and, collectively, with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds"). The Series 2016 B Bonds will be purchased by the West Virginia Water Development Authority on behalf of the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund. The Series 2016 B Bonds were authorized by an ordinance of the Issuer enacted on October 4, 2016, as supplemented by a supplemental resolution adopted by the Council of the Issuer on November 1, 2016 (collectively the "Series 2016 B Ordinance"). The West Virginia Department of Environmental Protection, Clean Water State Revolving Fund has issued a commitment letter to MUB confirming the amount, interest rate and tenor of the Series 2016 B Bonds. The Series 2016 B Bonds are not issued on a tax exempt basis and, thus, the Series 2016 A Bonds and the Series 2016 B Bonds are not considered a single issue for federal income tax purposes. Advances of the principal of the Series 2016 B-2 Bonds will be forgiven on the last day of the fiscal year in which such advance is made, until the entire principal amount of the Series 2016 B-2 Bonds is forgiven.

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Security and Sources of Payment for the Series 2016 A Bonds

The Series 2016 A Bonds are payable solely from and secured by the Gross Revenues derived from the Combined Utility System of the Issuer, on a parity with the Series 2016 B Bonds and 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 2016 A Ordinance (the Series 2016 A Bonds, with the Series 2016 B 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 2016 A Bonds, and from funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds in, the Series 2016 A Bonds Reserve Account, established for the Series 2016 A Bonds under the Series 2016 A Ordinance.

The Series 2016 A Bonds are special obligations of the Issuer. The Series 2016 A 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 2016 A Bonds, or the interest or any premium, thereon, except from the Gross Revenues and funds on deposit in the Series 2016 A Bonds Sinking Fund, the Series 2016 A Bonds Reserve Account established therefor, and the unexpended proceeds of the Series 2016 A Bonds. Pursuant to the Series 2016 A 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 2016 A BONDS – Rate Covenant" herein.

The Series 2016 A 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 2016 A BONDS" herein. The Series 2016 A Bonds will initially be maintained under a book-entry system. So long as the Series 2016 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2016 A Bonds shall be determined as described in "APPENDIX C – 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 2016 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent") to the owners thereof at the address appearing in the books kept by United Bank, Inc., 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 2016 A BONDS" herein and "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

There are outstanding obligations of the Issuer which will rank on parity with the Series 2016 A Bonds and the Series 2016 B Bonds as to lien, pledge, source of and security for payment. See "SECURITY FOR THE SERIES 2016 A BONDS" herein. The Issuer may issue additional bonds on parity with the Series 2016 A Bonds, the Series 2016 B Bonds and the Prior Bonds for the purpose of financing the costs of design, acquisition, construction and/or equipping of additions, betterments or improvements to the Combined Utility 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 Utility System or all of such purposes, subject in each case to certain tests and conditions provided for in the Series 2016 A Ordinance, the Series 2016 B Ordinance, and the Prior Ordinances. See "SECURITY FOR THE SERIES 2016 A BONDS – Additional Parity Bonds" herein.

Brief descriptions of the Series 2016 A Bonds, the Project, the Combined Utility System, the Series 2016 A 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 2016 A 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 2016 A Bonds are qualified in their entirety by reference to the form thereof included in the Series 2016 A Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the meanings given to them in the Series 2016 A Ordinance. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

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PURPOSE AND PLAN OF FINANCING

The Project

The Series 2016 A Bonds are being issued to: (i) provide funds, along with the proceeds of the Series 2016 B Bonds and available funds of the Combined Utility System, to pay the costs of design, acquisition, construction and equipping of certain additions, betterments and improvements to the Sewer System of the Combined Utility System, specifically including, but not limited to, improvement and expansion of the Star City Wastewater Treatment Plant (the "Star City WWTP") and improvements to the Popenoe Run Interceptor, as more fully described in the following paragraphs, together with all necessary appurtenances (collectively, the "Project"); (ii) fund the Series 2016 A Bonds Reserve Account through the purchase of the Series 2016 A Reserve Policy from the Bond Insurer; and (iii) to pay the costs of issuance of the Series 2016 A Bonds.

The Project has four distinct goals.

1. Increase Treatment Capacity

Increase treatment capacity at the Star City WWTP as part of MUB's Long Term Control Plan (hereinafter defined) (the "LTCP") for management of Combined Sewer Overflows ("CSO's"). Treatment capacity will be increased to 20.8 MGD, allowing CSO discharges throughout the collection system to be reduced, and corresponding increased treatment of the combined sewer flows. While current capacity is 12.0 MGD, recent flows (on an annual average) have approached 11.7 MGD.

2. Improve Processes

Replace obsolete equipment at the Star City WWTP. Fully one third (4.0 MGD of 12.0 MGD) of the existing treatment capacity is provided by rotating biological contactors (the "RBCs"). At approximately 30 years of age, they are now obsolete and are no longer supported by the industry. The 4.0 MGD of RBC capacity will be removed and replaced with 12.8 MGD of state of the art Membrane Bio Reactors ("MBRs"). The 12.8 MGD of MBR capacity will run in parallel with the existing 8.0 MGD of proven and reliable Activated Sludge treatment to provide a total of 20.8 MGD of treatment capacity. Other plant components will also be replaced to totally refurbish the Star City WWTP.

3. Plan for Regional Growth

Provide increased treatment capacity for a growing service area and customer base. The Morgantown area has enjoyed continued long term growth. In addition to general population growth, the service area of MUB steadily expands to serve new areas, either directly or as resale customers. Both trends are expected to continue.

4. Improve Transmission Capacity

Replace and upgrade the existing Popenoe Run Sewer Interceptor ("Popenoe Run"). Popenoe Run is a concrete box culvert, exposed in many areas as it runs along the stream of the same name near the Krepps Park, which is a City owned recreational area and public park. Popenoe Run was constructed nearly eighty years ago. The structure is in poor structural condition and has inadequate conveyance capacity. The replacement pipeline will provide capacity for the existing flow and additional capacity for future demand.

The Morgantown Utility Board opened bids for the Project on September 27, 2016. The Project is divided into 2 construction contracts, and the total construction cost of the Project is $101,300,000*. The Morgantown Utility Board anticipates a forty-three (43) month construction period.

* Preliminary, subject to change

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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 2016 A Bonds, Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds and the funding of the Project.

Sources:	**Series 2016 A***	**Series 2016 B-1 (SRF)**	**Series 2016 B-2 (SRF, Forgivable Loan)**	**Total**
Bond Proceeds:				
Par Amount	$	$	$	$
Premium				
MUB Equity Contribution				
Total Sources	**$**	**$**	**$**	**$**
Uses:				
Project Fund Deposits:				
Star City WWTP	$	$	$	$
Popenoe Run Project	$	$	$	$
Delivery Date Expenses:				
Cost of Issuance				
Underwriters' Discount				
Total Uses	**$**	**$**	**$**	**$**

* Preliminary, subject to change

Please see "DEBT SERVICE REQUIREMENTS" herein for a discussion of the structure of, and debt service payable on, the Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

THE SERIES 2016 A BONDS

General

The Series 2016 A Bonds are dated the date of delivery. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Series 2016 A Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds so surrendered. The Series 2016 A 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, 2017, until maturity or until the date fixed for redemption if a Series 2016 A Bond is called for prior redemption and payment on such date as provided for.

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Redemption Provisions for Series 2016 A Bonds

Optional Redemption

The Series 2016 A Bonds are subject to redemption at par or at a redemption price of 100%, at the option of the Issuer on or after December 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.

Mandatory Redemption*

The Term Bonds due December 1, 2041 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 December 1 of the following years in the following amounts:

Year	Principal Amount*
2037	$2,500,000
2038	$2,630,000
2039	$2,765,000
2040	$2,905,000
2041**	$3,055,000

** Final Maturity

The Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount*
2042	$3,210,000
2043	$3,375,000
2044	$3,550,000
2045	$3,730,000
2046**	$3,925,000

** Final Maturity

Notice of Redemption

Unless waived by any holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2016 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.

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

(1) The redemption date,

(2) The redemption price,

* Preliminary, subject to change.

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(3) If less than all outstanding Series 2016 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2016 A 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 2016 A 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 2016 A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and,

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds. If funds sufficient to redeem all Series 2016 A Bonds called for Optional Redemption have not been deposited with the Paying Agent at the time of mailing 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 2016 A Bonds called for redemption of such fact.

Book Entry Only System

The Series 2016 A Bonds will be issued as fully registered Series 2016 A Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2016 A 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 2016 A Bonds, by 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 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Series 2016 A 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 2016 A Bond, there will be issued another Series 2016 A Bond or Series 2016 A Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Series 2016 A Bond and of the same series, interest rate and maturity of said transferred Series 2016 A Bond. For every exchange or transfer of Series 2016 A Bonds, the Registrar may make a charge 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 2016 A Bonds that have been called for redemption.

Purchasers of the Series 2016 A Bonds will not receive certificates representing their interests in the Series 2016 A Bonds purchased. The Series 2016 A Bonds are available in book-entry form only and will be registered in the name of "Cede & Co." See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM" herein. So long as Cede & Co. is the registered owner of the Series 2016 A Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the Series 2016 A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2016 A Bonds.

Neither the Issuer nor the Morgantown Utility Board can or does give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2016 A Bonds (1) payments of principal of or interest and premium, if any, on the Series 2016 A Bonds, (2) confirmation of beneficial ownership interest in the Series 2016 A Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2016 A 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.

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None of the Issuer, the Morgantown Utility Board 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 2016 A 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 2016 A 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 2016 A Bonds.

SECURITY FOR THE SERIES 2016 A BONDS

The Series 2016 A Bonds are special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. The Issuer is under no obligation to pay the Series 2016 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2016 A Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues derived from the Combined Utility System, on parity with the Series 2016 B Bonds, the Prior Bonds, any Additional Parity Bonds that may hereafter be issued by the Issuer as permitted by the Series 2016 A Ordinance, and the unexpended proceeds of the Series 2016 A Bonds. The Series 2016 A Bonds are also payable from the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds on deposit in, the Series 2016 A Bonds Reserve Account therein. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein. Gross Revenues derived from the Combined Utility System in an amount sufficient to pay the principal of, and premium, if any, and interest on, the Series 2016 A Bonds and to make the payments into the Series 2016 A Bonds Sinking Fund and to pay all other payments provided for in the Series 2016 A Ordinance, and the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds on deposit in, the Series 2016 A Bonds Reserve Account therein, are irrevocably pledged to the payment of the principal of, and premium, if any, and interest on, the Series 2016 A Bonds as the same become due and for other purposes provided in the Series 2016 A Ordinance.

Rate Covenant

Prior to the issuance of the Series 2016 A Bonds, rates and charges for the use of the services and facilities of the Combined Utility System were enacted by the City Council on February 2, 2016 and went into effect on July 1, 2016, 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 Utility System sufficient to make the prescribed payments into the funds and accounts created under the Series 2016 A Ordinance and to pay Operating Expenses. 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 2016 A Ordinance that the schedule or schedules of rates and charges for the Combined Utility 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 E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

Series 2016 A Bonds Reserve Account

The Series 2016 A Bonds Reserve Requirement is $_____, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2016 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2016 A Bonds in any fiscal year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2016 A Bonds. The Issuer will obtain a Municipal Bond Debt Service Reserve Insurance Policy from the Bond Insurer in order to fund the Series 2016 A Bonds Reserve Account in the amount equal to the Series 2016 A Bonds Reserve Account Requirement (the "Series 2016 A Reserve Policy"). In the event funds in the Series 2016 A Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2016 A Bonds, the Paying Agent shall submit a Notice of Nonpayment to the Bond Insurer, which will, pursuant to the Series 2016 A Reserve Policy, pay the Paying Agent sufficient amounts to make payments of principal of and/or interest on the Series 2016 A Bonds as the same becomes due, subject to the Series 2016 A Reserve Policy. If the Series 2016 A Reserve Policy is not in effect, the Paying Agent shall withdraw cash from the Series 2016 A Bonds Reserve Account for transfer to the Series 2016 A Bonds Sinking Fund.

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Information with respect to the Bond Insurer and the Series 2016 A Reserve Policy is set forth in "APPENDIX G – DESCRIPTION OF BOND INSURER" and "APPENDIX H – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein. Under the Series 2016 A Reserve Policy, the Issuer is required to repay any draws upon the Series 2016 A 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 2016 A 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 2016 A Reserve Policy will be reduced by, and to the extent of, any payment made pursuant to the Series 2016 A Reserve Policy. Amounts equal to Policy Costs paid to AGM, 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 AGM on account of principal due, the coverage under the Series 2016 A Reserve Policy will be increased by a like amount, subject to the terms of the Series 2016 A Reserve Policy. All cash and investments, if any, in the Series 2016 A Bonds Reserve Account shall be transferred to the Series 2016 A Bonds Sinking Fund for payment of the debt service on the Series 2016 A Bonds before any draw may be made on the Series 2016 A Reserve Policy. The Issuer does not expect there to be any cash or investments in the Series 2016 A Bonds Reserve Account.

If the Series 2016 A Reserve Policy is not in effect, in the event of a transfer from the Series 2016 A Bonds Reserve Account to the Series 2016 A Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2016 A Bonds Reserve Account in an amount up to the Series 2016 A Bonds Reserve Requirement. The transfer of any cash by the Issuer from the Series 2016 A Bonds Reserve Account to the Series 2016 A 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 2016 A Bonds Reserve Fund will be secured only by the Gross Revenues, as defined in the Ordinance, derived from the Combined Utility System and the funds on deposit in the Renewal and Replacement Fund.

The Issuer shall be required to replace the Series 2016 A Reserve Policy, or fund the Series 2016 A Bonds Reserve Account with cash, only in the event that the Bond Insurer, or its successor or assign, ceases to be licensed by a state of the United States of America to provide such Series 2016 A 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 2016 A Bonds Reserve Account to satisfy the Series 2016 A Bonds Reserve Requirement therefore.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section (k) of the Code of West Virginia, 1931, as amended (the "State Code"), effective June 12, 2015, the Combined Utility 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 MUB for the July 1, 2016 to June 30, 2017 fiscal year includes the Working Capital Reserve. In the event that any audited or unaudited year-end financial statement of the Combined Utility 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 2016 A Bonds.

Application of Gross Revenues

The entire Gross Revenues derived from the operation of the Combined Utility 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, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Sinking Funds of the Prior Bonds, the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; (ii) commencing seven (7) months prior to the first interest payment date of the Series 2016 A Bonds, simultaneously for deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2016 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than seven

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(7) months, then such monthly payments shall be decreased or increased proportionately to provide, one (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 there shall be credited against the amount deposited any interest capitalized from the proceeds of the Series 2016 A Bonds and applied to such payment; and (iii) simultaneously for deposit in the Sinking Fund for the Series 2016 B-1 Bonds, the amount required by the Series 2016 B Ordinance to pay interest on the Series 2016 B-1 Bonds. All payments of interest on the Prior Bonds, the Series 2016 A Bonds, and the Series 2016 B Bonds shall be pro rata.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Sinking Funds of the Prior Bonds, the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2016 A Bonds, simultaneously for deposit in the Series 2016 A Bonds Sinking Fund and in the Series 2016 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, one (1) month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date; (iii) simultaneously for deposit in the Sinking Fund for the Series 2016 B-1 Bonds, the amount required by the Series 2016 B Ordinance to pay the principal of the Series 2016 B-1 Bonds; and (iv) simultaneously for deposit in the Sinking Fund for the Series 2016 B Bonds, the amount required by the Series 2016 B Ordinance to pay principal on the Series 2016 B Bonds. All payments of principal on the Prior Bonds, the Series 2016 A Bonds, and the Series 2016 B Bonds shall be pro rata.

Monies in the Series 2016 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2016 A Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2016 A Bonds Reserve Account Requirement. Pending such use, such monies shall be invested in accordance with the Series 2016 A Ordinance.

Monies in the Series 2016 B-1 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 B-1 Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2016 B-1 Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2016 B-1 Bonds Reserve Account Requirement. Pending such use, such monies shall be invested in accordance with the Series 2016 B Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Reserve Accounts of the Prior Bonds, the amount required by the Prior Ordinances; (ii) in the event that the Series 2016 A Reserve Policy is no longer in effect, simultaneously for deposit in the Series 2016 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than four (4) equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal, respectively, to the Series 2016 A Bonds Reserve Requirement; and (iii) in the event that the Series 2016 B-1 Reserve Account decreases in value to amount less than the Series 2016 B-1 Reserve Account Requirement, simultaneously for deposit in the Series 2016 B-1 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2016 B-1 Bonds Reserve Account below the Series 2016 B-1 Reserve Account Requirement or any withdrawal from the Series 2016 B-1 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 B-1 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited

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to the credit of the Series 2016 B-1 Bonds Reserve Account is less than the Series 2016 B-1 Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 B-1 Bonds Reserve Account for deposit into the Series 2016 B-1 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 B-1 Bonds Reserve Account to an amount equal to the Series 2016 B-1 Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2016 B-1 Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than four (4) equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 B-1 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 B-1 Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal, respectively, to the Series 2016 B-1 Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund the current Operating Expenses of the Combined Utility System.

(5) The Issuer shall next, from the monies remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to not less than 2.5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. 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 and extensions to the Combined Utility 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 thereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Enforcement of Collections

The Issuer covenants in the Series 2016 A Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the Combined Utility 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 Utility 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 Utility System and will not restore such services of the Combined Utility System until all billing for charges for the services and facilities of the Combined Utility System, including penalties and reconnect fees, have been fully paid, or the customer has entered into a payment agreement. For additional information on MUB's collection policy and history, see "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – MUB Retail Customer Collection Process" and "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – MUB Retail Customer Uncollectible Accounts" herein.

Additional Parity Bonds

So long as the Prior Bonds, Series 2016 B-1 Bonds or Series 2016 B-2 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 A Bonds pursuant to the Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping additions, betterments or improvements for the System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, or the Prior Bonds, refunding all or a portion of any series of Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the System, or all of such purposes.

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

(1) The Series 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds then Outstanding;

(3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances, the Series 2016 A Ordinance and the Series 2016 B Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such 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.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2016 A Bonds, the Series B-1 Bonds, the Series B-2 Bonds and the Prior Bonds, and all the covenants and other provisions of the 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 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Gross Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues with the Series 2016 A Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

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Provided, however, that if the audit by an Independent Certified Public Accountant for the Combined Utility System for the Fiscal Year immediately preceding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in the Series 2016 A Ordinance for the year being audited and the Issuer has, as required by the Series 2016 A Ordinance, enacted a rate ordinance changing the rates and charges for the Combined Utility System to comply with the Series 2016 A Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Series 2016 A Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under the Series 2016 A 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 Combined Utility System and to refinance Bonds heretofore, or hereinafter, issued, including the Water Reservoir Project, which will be financed with the Series 2017 A Bonds (herein defined). See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" herein.

Special Limited Obligations

The Series 2016 A 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 2016 A Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2016 A Bonds or the interest or any premium thereon.

SERIES 2016 A RESERVE POLICY

The Issuer has applied to, and executed commitments from, the Bond Insurer for the issuance, concurrently with the issuance of the Series 2016 A Bonds, of the Series 2016 A Reserve Policy. Information regarding the Bond Insurer and the Series 2016 A Reserve Policy, specifically including "APPENDIX G – DESCRIPTION OF BOND INSURER" and "APPENDIX H – 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 nor the Underwriters 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 H – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" for a specimen of the Series 2016 A Reserve Policy, which should be read in its entirety.

Concurrently with the issuance of the Series 2016 A Bonds, the Bond Insurer will issue the Series 2016 A Reserve Policy for the Series 2016 A Bonds. The Series 2016 A Reserve Policy is issued in an amount equal to the Series 2016 A Reserve Requirement and is pledged to the Series 2016 A Bonds Reserve Account.

THE ISSUER AND THE MORGANTOWN UTILITY BOARD

The City of Morgantown is the county seat of Monongalia County, located along the Monongahela River and close to the Pennsylvania border in north central West Virginia. Morgantown is the home of West Virginia University, the largest institution of higher education in the State with an annual enrollment of approximately 29,000 students. The City is the medical, cultural, and commercial hub of the region. The population of Morgantown is estimated to be 30,000.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County was the only north central county to realize population growth for the last 20 years, and it has been one of the fastest growing counties in the State over the last two decades.

Morgantown and Monongalia County have consistently seen some of the lowest unemployment rates in the State. Major employers in the area include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, and West Virginia University.

One-half of the population of the United States and one-third of the population of Canada is within a 500-mile radius of Morgantown. The City is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets. See "APPENDIX A – THE CITY OF MORGANTOWN (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA" herein.

Audited Financial Statements

The Series 2016 A Bonds are payable only from the Gross Revenues of the Combined Utility System, which are pledged to their payment, and the unexpended proceeds of the Series 2016 A Bonds. No other funds of

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the Issuer are available for, or expected to be used to, pay the principal of, or interest on, the Series 2016 A Bonds. Likewise, the Gross Revenues of the Combined Utility 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 the Morgantown Utility Board for the fiscal year ended June 30, 2016 are included in Appendix B herein. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016" herein.

Morgantown Utility Board

The Morgantown Utility Board is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services directly to the residents of The City of Morgantown and to customers in certain surrounding municipalities and unincorporated areas of Monongalia County, as well as bulk water sales and sanitary sewer transmission and treatment to certain potable water and wastewater utilities owned and operated by nearby municipalities and public service districts (collectively, the "Resale Customers"). MUB was created in 1987 by ordinance enacted on September 1, 1987 by the Council of The City of Morgantown under the provisions of the Act. The former Morgantown Water Commission and the Morgantown Sanitary Board were merged in 1987 to create MUB and the combined waterworks and sewerage system. On May 21, 2002, the Council of the Issuer enacted an ordinance creating a stormwater utility and expanding the authority of MUB to include the Stormwater System. By ordinance enacted on May 1, 2007, the City Council enacted an ordinance combining the existing combined waterworks and sewerage system and the Stormwater System to create a combined waterworks, sewerage and stormwater system which presently exists.

MUB has provided bulk water sales and sewerage treatment under longstanding mutually beneficial arrangements with surrounding public utilities. MUB benefits from strong working relationships with these bulk customers, often providing other services such as repairs and billing. While MUB does not have long term contracts with these utilities, the practical constraints created by regulatory requirement, state utility regulation and the economies of scale which MUB enjoys would make any other arrangement for these bulk customers difficult to realize.

The Combined Utility System includes direct potable water service to approximately 26,000 connections and direct sewer service to approximately 23,100 service connections. MUB also provides bulk water sales to approximately 12,500 customer accounts and bulk sewerage treatment for surrounding districts. The Stormwater System serves 15,200 customers.

MUB's assets are valued at over $223,000,000. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016" herein. These assets include the main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and the water treatment plant in Morgantown. In addition, the Combined Utility System includes approximately 411 miles of water distribution lines, 298 miles of sewerage collection and transmission lines, and approximately 225 miles of stormwater management lines. MUB operates with approximately 150 employees.

MUB Board of Directors

Pursuant to the Act and the MUB Ordinance, MUB is overseen and directed by a Board of Directors appointed by the City Council (the "Board"). The Board is comprised of five residential customers of MUB appointed for staggered terms of five years. In addition to being customers of the Combined Utility System, up to two MUB members may be residents of Monongalia County residing outside of the Issuer's corporate boundaries. The remaining three members must be residents of the Issuer. The Board is responsible to oversee the management, control and operation of the Combined Utility System. The Board selects a chairman and other officers from its members annually. The names, offices and summary biographical information of the current members of the Board are set forth below:

JT Straface was born and raised in Morgantown, has been a member of the Board since 2003, and currently serves as Board chairman. Mr. Straface is a graduate of Morgantown's former St. Francis High School and West Virginia University School of Mines where he received a BS degree in mining engineering. Mr. Straface owns and operates a number of successful small businesses in the Morgantown area. Mr. Straface's term expires on November 11, 2017.

Ron Bane is a lifelong resident of Morgantown and has served as a member of the Board since 2005 where he serves as vice-chairman. Dr. Bane currently serves as manager at West Virginia University Health Care, has served on the Morgantown City Council for 12 years and continues to serve in that capacity. Dr. Bane holds a BA in political science, a MS in safety studies, a MBA, and a Ph.D. in safety engineering. In addition, Dr. Bane has served on the

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Mountain Line Transit Authority for 7 years, Parking Authority for 4 years, and Traffic Commission for 4 years. Dr. Bane's term expires on November 11, 2019.

Frank Scafella taught in the English Department at West Virginia University for 30 years from 1969 to 1999. He served on Morgantown City Council for 16 years, 1991 to 2007, and as Mayor of Morgantown for four years, 1998 to 2002. Dr. Scafella retired from WVU in 1999 and from Morgantown City Council in 2007. Dr. Scafella joined the Board in 2009 and currently serves as secretary. Dr. Scafella is a native of Morgantown, served in the U.S. Marine Corps from 1954 to 1960, and serves as executive director of the Campus Neighborhoods Revitalization Corporation, known locally as "Sunnyside Up," on a part-time basis. Dr. Scafella obtained a BA from West Virginia University in 1964, and a MA and a Ph.D. from The University of Chicago in 1972. Dr. Scafella's term expires on November 11, 2016.

John Ganz has been a Morgantown resident since 1989 and currently works with the U.S. Department of Energy as a regulatory compliance officer. Mr. Ganz has served on the Board since 2011; however, his association with MUB spans many years beyond that. Mr. Ganz has been involved in extensive institutional research facilities operations and regulatory compliance interface with MUB while working for the U.S. Dept. of Energy's National Energy Technology Lab (NETL) in Morgantown. Within this work at NETL, Mr. Ganz interfaced with MUB personnel and public utility facilities and services at NETL in the areas of general site operations, research facilities activities, hazardous waste treatment, and environmental protection. Mr. Ganz has more than 38 years professional career experience in the areas of regulatory compliance, project planning, facilities operations, and environmental protection. Mr. Ganz attended Potomac State College, Keyser, WV and received a BS Agriculture from Arizona State University, Tempe, AZ. Mr. Ganz's term expires on November 11, 2020.

William Rice is a retired engineer, and has brought a host of directly relevant experience and skills to MUB since joining the Board in 2013. This includes service on the County Commission's Water and Wastewater Committee as well as the Sewage Advisory Board for the West Virginia Department of Health. Mr. Rice currently serves on the West Run Board of Zoning Appeals for the County Commission and as chairman of the Citizen's Advisory Committee for the Greater Morgantown Metropolitan Planning Organization (MPO). As a resident of Bakers Ridge Road, Mr. Rice represents the first MUB Board member to reside outside Morgantown city limits. Mr. Rice's term expires on November 11, 2018.

MUB Professional Management

Timothy L. Ball – General Manager

Timothy L. Ball was appointed as the General Manager of the Morgantown Utility Board in October, 2010. Before serving as the General Manager, Mr. Ball served as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board for 14 years.

Mr. Ball joined MUB as its Senior Engineer in early 1988. He was instrumental in the development of operating plans and upgrade projects for the newly expanded utility. He contributed similarly to the recent startup of the stormwater utility at MUB.

Mr. Ball holds BS and MS degrees in Civil Engineering from West Virginia University. He earned a MBA from WVU in 2000. He is a registered Professional Engineer and is also a licensed Land Surveyor. He has taught both civil engineering and business management courses at his alma mater.

Mr. Ball was appointed as an inaugural member and continues to serve on the West Virginia State Public Water System Supply Study Commission. That Commission was created in 2014 by Senate Bill 373, in response to a chemical leak that disrupted water supply to 300,000 persons in and around Charleston, WV. The Commission is charged with the responsibility to advise and report to the Legislature on matters related to implementation of Senate Bill 373 and protection of the State's drinking water sources.

Mr. Ball has been recognized by his peers as a leader in the utility industry. He served as Chair of the West Virginia section of the American Water Works Association (AWWA) in 1992, and served on the National Board of Directors of AWWA from 2000 to 2003. In 1994, he received from AWWA the George Warren Fuller Award for service to the water industry. He was recognized as the Young Engineer of the Year in 1988 by the West Virginia Society of Professional Engineers, and is a member of the Tau Beta Pi and Chi Epsilon engineering honoraries. Mr. Ball actively participates in several other utility industry groups including the West Virginia Rural Water Association, the Water Environment Federation, and the West Virginia Municipal Water Quality Association. He often speaks to state and national water industry audiences on the topics of leadership, effectiveness, strategic planning, and stormwater management.

Douglas R. Smith – Assistant General Manager/Chief Engineer

Douglas R. Smith was appointed as the Assistant General Manager and Chief Engineer of the MUB in October 2010. Before serving as the Assistant General Manager and Chief Engineer, Mr. Smith served as a Senior Engineer of MUB for 14 years. He was instrumental in the startup of the stormwater utility and continues to be intimately involved in the establishment of rules and regulations set by the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia.

Mr. Smith holds a BS degree in Civil Engineering and a MBA from West Virginia University. He is also a registered Professional Engineer.

Mr. Smith served on the board of the West Virginia Section of the American Water Works Association for eight years and served as Chairman from 2006-2007. He currently serves as a board member for the West Virginia Rural Water Association. In 2008, he received the George Warren Fuller Award for service to the water industry.

Debbie Osborne – Comptroller

Debbie Osborne is the Comptroller of the Morgantown Utility Board. She manages both the Financial and Customer Information Systems. She is responsible for the preparation of budgets and financial reporting statements as well as all business and accounting operations of MUB.

She and her staff are responsible for the customer service functions for all retail water, sewer, and stormwater customers as well as providing these services for many neighboring utilities.

Ms. Osborne holds the degrees of BS in Business Administration and MPA, both awarded by West Virginia University. Prior to joining MUB in 1989, she worked for six years as an accountant for West Virginia University.

Timothy Stranko – General Counsel

Timothy Stranko is a resident of The City of Morgantown. He has served as MUB's general counsel since 1996. He also serves as General Counsel to the West Virginia Municipal League. Mr. Stranko is a member of the West Virginia Bar and a Commissioner of the Morgantown Planning Commission. He holds a BS in engineering from the U.S. Military Academy at West Point, a law degree from the University of Pittsburgh and a MBA from West Virginia University. Mr. Stranko is a retired from service as an officer in the U.S. Army Infantry and Corps of Engineers. He has enjoyed a number of military honors and awards, including service as a U.S. Army Ranger.

Dave Rife – Distribution Superintendent

Dave Rife manages MUB's Distribution Department which is responsible for the maintenance and construction of the water distribution and sewerage collection systems. In addition, Mr. Rife is responsible for MUB's vehicle fleet and its inventory and purchasing operation. Mr. Rife has been a MUB employee since 1983. He has worked at nearly every assignment in the department that he now manages.

Greg A. Shellito – Manager of Treatment and Production Facilities

As Manager of Treatment and Production Facilities, Greg A. Shellito manages all of MUB's treatment and pumping operations. He and his staff are responsible for the operation and maintenance of the Morgantown Water Treatment Plant, the Morgantown Wastewater Treatment Plant, and the newly acquired Cheat Lake Wastewater Treatment Plant. In addition, Mr. Shellito is responsible for 15 pumping systems serving 38 water storage tanks throughout the water distribution system, totaling 73 wastewater lift stations in the two collection systems. Mr. Shellito also acts as MUB liaison to regulating federal and state agencies.

Prior to appointment his current position, Mr. Shellito served as Superintendent and Plant Engineer of the Wastewater Treatment Plant. He holds BS degrees in biology and chemistry from Gannon University in Erie, Pennsylvania, and a MS in biology from West Virginia University. Mr. Shellito is an Environmental Engineer and is certified as a Registered Engineer in Training. He has been a licensed Class IV wastewater treatment plant operator since 1988.

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Mr. Shellito has published several articles in national professional journals. He is a member of several professional associations, including the West Virginia Water Environment Association, which he served as President, the American Water Works Association and the Rural Water Association.

Chris Dale – Director of Communications

Chris Dale joined MUB in 2012 and provides oversight of public outreach activities. Prior to joining MUB, he served as a visiting instructor at West Virginia University for 12 years and as a public affairs officer for the American Red Cross for 13 years where he managed crisis and emergency communications. He is a veteran of the US Army having served as a medic in the 3rd Infantry Division.

Mr. Dale maintains mub.org, ensures that area residents remain informed of MUB activities, maintains relationships with members of the media and community leaders, continuously monitors traditional and social media, plans and conducts various outreach events, consults with MUB leadership on internal/external impacts of policy changes, provides customer service for demanding customers as well as 24/7 social media support, writes and designs various internal and external communication vehicles, and maintains MUB's crisis communications plan.

Mr. Dale holds a BA in Psychology and a MS in Journalism with a specialization in public relations, both from West Virginia University.

MUB Personnel

MUB employs approximately 150 individuals. Of that number, approximately 36 are assigned to the Treatment and Production Facilities Department, approximately 74 are assigned to the Distribution Department and 40 are assigned to Administration. All employees are available to work on any aspect of the three utilities, while employee and equipment time, as well as materials, are tracked and allocated to each of the three utilities. Employees are cross-trained in each Department and succession plans for key leadership positions throughout MUB are regularly reviewed and updated.

Employees of MUB are employed directly by MUB, not the Issuer. MUB employees are not represented by a collective bargaining unit. The City Charter expressly prohibits employees of the City and MUB from organizing collective bargaining units. MUB employees are required to participate in group medical insurance and retirement plans.

MUB Business Philosophy

MUB has several keystone practices that guide its business approach. One is that of minimizing reliance upon outside services, and doing as much as possible with its own staff. In addition to staffing for regular O&M, MUB maintains sufficient personnel and equipment to field two to three full time construction crews. Doing so allows MUB to construct system extensions and perform renewal and replacement work at lower cost, and with less preparation time, than would be required using outside contractors. Engineering staffing is similarly robust and beneficial.

The pursuit of value, rather than minimizing immediate cost, is also a key practice of MUB. An easy example is the purchase of premium efficiency pump motors. A premium efficiency pump motor may cost 10% more than a standard efficiency motor, but will yield reduced electrical consumption to pay for its incremental cost in just two or three years, while providing continued savings for decades more. MUB invests for value at every purchase opportunity.

MUB requires that system expansions be self-supporting. Line extensions to newly developed areas are performed by MUB at the expense of the developer. Line extensions to existing unserved areas are designed and constructed by MUB at the expense of the new customers to be served. Acquisition of other systems is accomplished at a zero purchase price other than assumption of the acquired system's existing debt, in which case the associated debt service continues to be paid by the acquired customers on the acquired system through a separate rate schedule for the acquired area.

MUB Governance

The municipal governmental structure in which MUB was created and continues to operate is designed to provide professional, apolitical, oversight and management of the Combined Utility System. The Board, while appointed by City Council, operates with near total autonomy. The only aspects of MUB which remain subject to City Council approval are establishment of rates and charges, the issuance of bonds, and approval of large capital

projects, all of which require the enactment of an ordinance by City Council.

As a subunit of the City, MUB does not participate in political issues. MUB does, however, regularly work with political bodies to further MUB's mission.

For example, municipal ordinances to establish enforceable standards related to utility services are routinely drafted and proposed by MUB, and subsequently implemented by City Council as needed. Similarly, MUB's occasional acquisition of surrounding utilities requires and receives the cooperation of The County Commission of Monongalia County.

Similarly, MUB works closely with the West Virginia Legislature occasionally on its own behalf, but more often through the West Virginia Rural Water Association ("WVRWA") and/or the West Virginia Municipal League. MUB is well regarded in both organizations by virtue of its recognized leadership in the State and region. Two legislative initiatives in which MUB played a key role deserve special mention.

The first is House Bill 4619, enacted March 2002, which allowed the creation of stormwater utilities in West Virginia. MUB recognized early when regulations applying to municipal separate storm sewer systems (known as "MS4's") were newly issued, that MUB was better suited to meet the regulations than was the Morgantown Street Department which had responsibility for the Morgantown storm system at the time. MUB drafted a bill, obtained sponsors, and advocated successfully at the State Legislature for its passage, modifying the State code to authorize creation of locally owned and operated stormwater utilities. MUB then worked with City Council to enact the necessary ordinances to create the State's first stormwater utility under MUB. Since that time, MUB's Stormwater System has served as a model for others in the State and region.

The second is Senate Bill 234, enacted in March 2015, which reduced the regulatory authority of the Public Service Commission of West Virginia ("PSC") over the state's largest publicly owned water and/or sewer utilities. Excessive regulation of rates by the PSC was widely perceived to have suppressed and/or discouraged justifiable rate increases, thus leaving utilities without adequate revenues to fund proper O&M activities. Similarly, the PSC capital project approval process ("Certificate of Convenience and Necessity") was widely viewed as an unproductive and expensive review that added little or no value, but often delayed work as much as a year. In 2014, a report by an internationally recognized ratings organization cited excessive regulation as a significant credit risk arising from West Virginia's regulatory scheme. To address this issue, MUB drafted and proposed to the Legislature Senate Bill 234, and working with its partners at WVWRA and West Virginia Municipal League, obtained multiple sponsors from the leadership in both houses of the Legislature, and successfully advocated for its passage. See "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – State Utility Regulation" and "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – Rate Setting and Project Approval Process" herein.

The above examples illustrate MUB's willingness and ability to achieve Legislative solutions to issues. MUB also monitors legislation each year and provides insight to the West Virginia Legislature on the potential impact of proposed bills.

MUB Fiscal Policies

The Board has adopted a comprehensive Statement of Investment Policy. The statement outlines broad investment policies to include delegation of certain authority to the General Manager, investment objectives, collateralization of deposits, protection of funds, permitted investments, investment of bond proceeds and investment reporting.

The Board recently formalized MUB's long-standing practices regarding cash management through the adoption of a Liquidity Policy. The Liquidity Policy establishes a stated goal for MUB to maintain between 110 – 140 days of operation and maintenance expense in unrestricted cash and cash equivalents available for unexpected economic and operational events. The Liquidity Policy assumes daily operation and maintenance expense of $40,000, which results in available liquid assets of $4,400,000 to $5,600,000.

MUB's combined cash reserves are currently and temporarily reduced by the unique costs related to planning and design of the proposed water and sewer improvements. MUB typically funds the start-up costs of bond financed projects "out of pocket". Those costs are then reimbursed to MUB immediately upon closing of the bond issue for the project. For the Project and the Water Reservoir Project the anticipated reimbursement will be $4,500,000 combined from the Series 2016 A Bonds and Series 2016 B Bonds, and up to $1,000,000 from the Series 2017 A Bonds, respectively. See "THE COMBINED UTILITY SYSTEM – MUB Water System – Water Reservoir Project" herein.

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MUB PENSION OBLIGATIONS

As authorized by state law and required by City ordinance, MUB employees are enrolled in The City of Morgantown Employees' Retirement and Benefit Fund. Employees contribute 5.95% of their compensation. MUB likewise contributes an actuarially determined share toward each employee account, currently at 13.23% of payroll. See "MUB Personnel" herein.

The pension fund is managed by an elected Board of Trustees and its agents. The fund is estimated to be 82.72% funded as of June 30, 2016. MUB's share of the unfunded pension liability as of June 30, 2016 was $7,500,000.

As of the July 1, 2011 actuarial valuation, the Board of Trustees adopted a closed amortization period of 25 years to amortize the unfunded liability. As of the July 1, 2016 valuation, the remaining amortization period is 20 years.

Of the 13.23% of payroll currently contributed by MUB, 6.91% goes toward the amortized unfunded liability. The remaining 6.32% of payroll is MUB's actuarially determined normal contribution.

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THE COMBINED UTILITY SYSTEM

MUB Combined Utility System Retail Customer History

The average number of retail customers for the Combined Utility System for the past 12 Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*	*Stormwater Customers*	*Stormwater Growth Percentage*
2004	21,434	–	15,041	–	–	–
2005	21,641	1.0%	15,468	2.8%	–	–
2006	22,400	3.5%	15,958	3.2%	–	–
2007	22,442	0.2%	16,547	3.7%	–	–
2008	22,930	2.2%	16,982	2.6%	14,026	–
2009	23,333	1.8%	17,488	3.0%	14,311	2.0%
2010	23,786	1.9%	18,105	3.5%	14,428	0.8%
2011	24,129	1.4%	18,747	3.5%	14,535	0.7%
2012	24,509	1.6%	19,063	1.7%	14,616	0.6%
2013	25,261	3.1%	19,752	3.6%	14,620	0.0%
2014	25,459	0.8%	20,495	3.8%	14,623	0.0%
2015	25,748	1.1%	21,827	6.5%	14,850	1.6%
2016	25,909	0.6%	22,124	1.4%	15,173	2.2%

MUB Water System

The Water System provides retail potable water service to approximately 26,000 customers. Water System facilities include, but are not limited to, approximately 411 miles of transmission pipe, a 16 million gallon per day (MGD) water treatment plant, 15 booster pumping stations, and 34 water storage tanks with a combined volume of 18.8 million gallons. The water treatment plant was recently significantly upgraded, the design for which began in 2009. Construction of the overall water treatment plant upgrade began in 2010 and was completed in 2012. The project replaced the existing Monongahela River intake structure, added a membrane filtration process, expanded clear well storage and updated and improved the various chemical feed systems. The improved water treatment plant has an immediate capacity of 16 MGD, and can be incrementally expanded to 24 MGD. The Board expects to add capacity to the Water System with the construction of a new raw water reservoir which is to be financed with the proceeds of the Series 2017 A Bonds (herein defined). See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" and "THE COMBINED UTILITY SYSTEM – MUB Water System – Water Reservoir Project" herein.

MUB Water System – Service Area

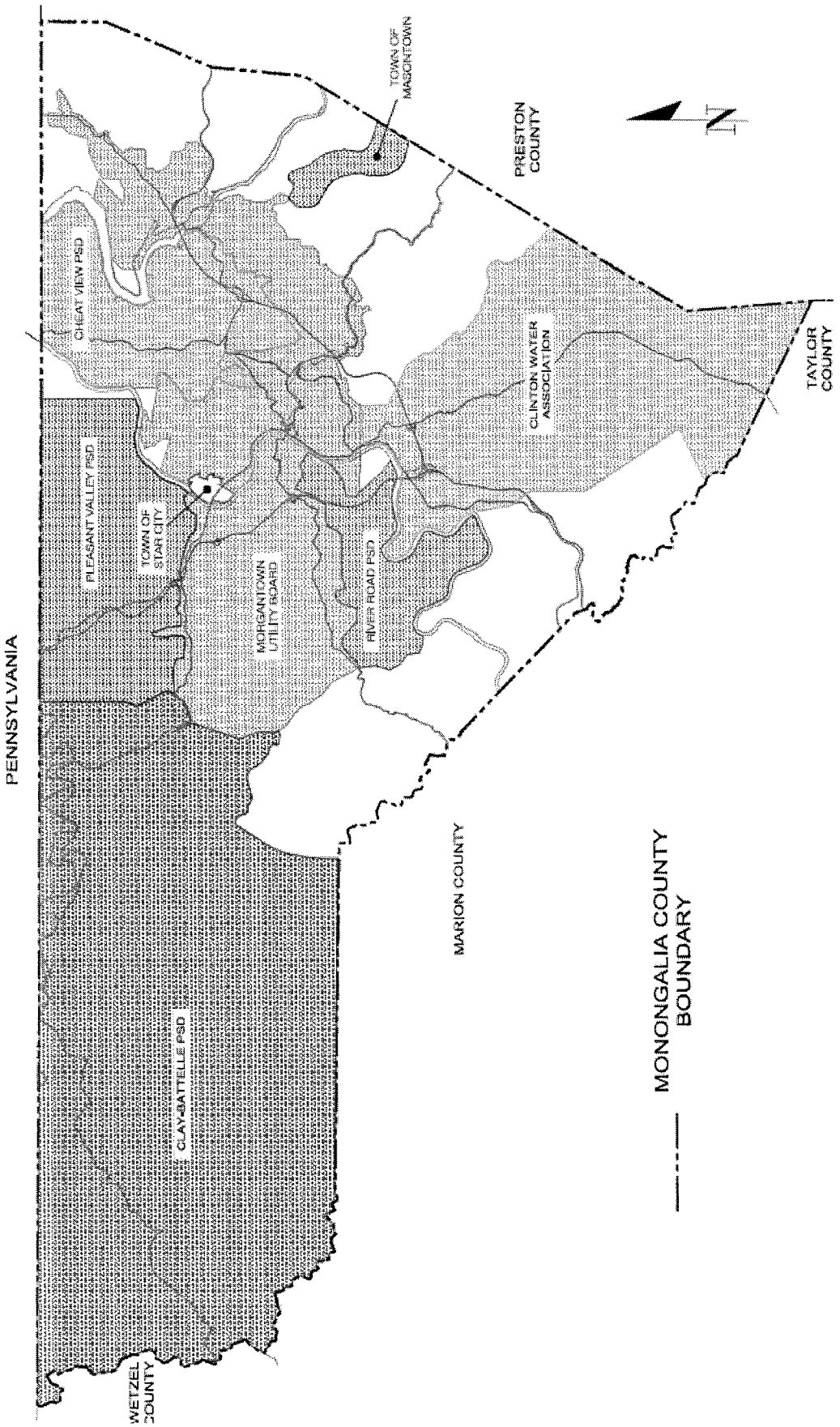
MUB's Water System retail service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 52.6 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service industry customers.

In addition to MUB's retail customers, MUB sells bulk water to seven (7) separate adjacent public water utilities: Cheat View Public Service District, Clinton Water Association, Clay Battelle Public Service District, Pleasant Valley Public Service District, the Town of Masontown, the Town of Star City, and River Road Public Service District (collectively, the "Water Resale Customers"). The Water Resale Customers utilize the purchased water to provide retail potable water service to nearly 12,500 customers within their respective service territories.

Set forth on the next page is a map which reflects the retail service area of the Water System, as well as the general geographic boundaries of the Water Resale Customers.

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PENNSYLVANIA
WETZEL COUNTY
CLAY-BATTELLE PSD
PLEASANT VALLEY PSD
CHEAT VIEW PSD
TOWN OF STAR CITY
MORGANTOWN UTILITY BOARD
RIVER ROAD PSD
MARION COUNTY
CLINTON WATER ASSOCIATION
TOWN OF MASONTOWN
PRESTON COUNTY
TAYLOR COUNTY
N
MONONGALIA COUNTY BOUNDARY

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MUB Water System – Customer Data

The following table sets forth the total potable water sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$1,612,454	$543,406	$271,161	$489,794	$733,334	$3,650,149
2005	$1,777,410	$607,448	$279,839	$573,558	$804,658	$4,042,913
2006	$2,081,586	$724,988	$288,567	$677,270	$891,085	$4,663,496
2007	$2,084,269	$784,141	$239,092	$658,889	$958,133	$4,724,524
2008	$2,103,110	$867,818	$252,077	$584,108	$957,550	$4,764,663
2009	$2,318,377	$929,036	$275,450	$549,397	$1,150,244	$5,222,504
2010	$2,343,293	$984,890	$265,091	$531,366	$1,197,923	$5,322,563
2011	$2,392,492	$1,033,362	$285,208	$518,649	$1,178,934	$5,408,645
2012	$3,223,346	$1,494,901	$455,788	$718,485	$1,733,959	$7,626,479
2013	$4,145,424	$2,103,342	$638,978	$989,990	$2,232,964	$10,110,698
2014	$4,095,556	$2,113,502	$672,972	$978,035	$2,324,122	$10,184,187
2015	$4,072,301	$1,955,425	$824,349	$916,151	$2,354,942	$10,123,168
2016	$4,035,841	$1,934,279	$800,615	$919,494	$2,275,727	$9,965,956

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Cheat View PSD*	266,858	$678,045.14
2	Clinton Water Association*	250,998	$637,887.54
3	West Virginia University	130,619	$367,118.00
4	Mylan Pharmaceuticals	133,982	$348,007.30
5	Clay Battelle PSD*	123,838	$314,274.94
6	Addivant	100,127	$256,269.90
7	Pleasant Valley PSD*	85,350	$221,808.58
8	Star City Water System*	70,841	$184,411.39
9	WVU Hospitals	69,646	$181,244.53
10	Morgantown Energy Association	73,845	$174,654.80
	Totals	**1,306,104**	**$3,363,722.12**

*Resale Customer

The total Water System Gross Revenue for the fiscal year ended June 30, 2016 was $9,966,000. The ten largest water users represented 34% of the Water System Gross Revenue.

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MUB Water System – Water Resale Customers

The following tables set forth information regarding MUB's Water Resale Customers for the fiscal years indicated.

MUB Water Resale Customers – Resale Customer Count*

Resale Customer	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	3,721	3,512	3,625	3,512	3,286
Clinton Water Ass'n	3,524	3,537	3,384	3,332	3,319
Clay Battelle PSD	1,647	1,646	1,641	1,635	1,626
Pleasant Valley PSD	947	945	937	931	921
Town of Masontown	921	910	902	802	799
Town of Star City	900	886	876	880	882
River Road PSD	774	750	633	622	612
Total	**12,434**	**12,186**	**11,998**	**11,010**	**11,445**

MUB Water Resale Customers – Annual Gallons Bulk Water Purchased from MUB (000's omitted)**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	266,858	252,158	243,707	245,167	253,678	274,725
Clinton Water Ass'n	250,998	260,134	262,033	245,336	246,707	242,779
Clay Battelle PSD	123,838	124,343	135,788	124,374	141,603	139,119
Pleasant Valley PSD	83,350	108,955	115,482	107,160	98,448	111,387
Town of Masontown	42,701	45,016	40,794	38,705	36,548	37,351
Town of Star City	70,841	77,925	78,984	87,600	87,840	77,566
River Road PSD	51,643	46,288	41,902	42,116	39,949	43,333
Total	**892,229**	**914,819**	**918,690**	**890,458**	**904,773**	**926,260**

MUB Water Resale Customers – Annual Bulk Water Purchases from MUB**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	$678,045	$645,044	$619,372	$629,950	$466,255	$350,376
Clinton Water Ass'n	$637,888	$662,239	$667,767	$625,524	$626,695	$312,417
Clay Battelle PSD	$314,275	$315,531	$344,507	$314,785	$261,038	$178,404
Pleasant Valley PSD	$221,809	$299,439	$310,514	$298,866	$203,685	$145,842
Town of Masontown	$108,998	$113,725	$104,587	$99,030	$70,406	$48,090
Town of Star City	$184,411	$205,611	$203,983	$131,400	$118,954	$100,922
River Road PSD	$130,028	$118,073	$107,129	$107,518	$76,054	$55,799
Total	**$2,275,454**	**$2,359,662**	**$2,357,859**	**$2,207,499**	**$1,823,087**	**$1,191,850**

For the fiscal year ending June 30, 2016, sales of bulk water to the Water Resale Customers represented 22.83% of the Water System's Gross Revenue.

* Information gathered from Annual PSC Reports of Resale Customers
** Source: Morgantown Utility Board

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MUB Water System – Water Reservoir Project

MUB currently operates a single raw water reservoir, known as Cobun Creek #1 ("CCR #1") to provide a reserve raw water supply in the event that the primary raw water source on the Monongahela River is rendered unusable.

The CCR #1 was constructed in the 1950's, and at that time stored a 19 day supply for the Water System. Today, that same reservoir contains only 3.4 days of raw water.

To provide an adequate secondary source of raw water, MUB plans to build a 370 million gallon raw water reservoir ("CCR #2") to be constructed on Cobun Creek upstream of the existing CCR #1. CCR #2 will include an engineered earthen dam, and will provide 33.6 days of storage at current usage rates. The proposed reservoir will be located on property purchased by MUB (then the Morgantown Water Commission) for this purpose in the 1950's.

Depending on the availability of funds, MUB may also construct a raw water pipeline and/or acquire and install a diesel powered generator at the Water Treatment Plant as part of the Water Reservoir Project. The raw water pipeline would deliver water from CCR #2 either to CCR #1, or directly to the Water Treatment Plant. The raw water pipeline will be gravity fed, and will follow the general course of the Cobun Creek stream. If the raw water pipeline is not constructed, Cobun Creek will convey the water.

The diesel powered generator will serve as an auxiliary power supply to the Water Treatment Plant. The generator would enable the Water Treatment Plant to continue operation despite interruption of the electrical supply to the facility. The Water Reservoir Project will be financed with the Series 2017 A Bonds. See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" herein.

MUB Sewer System

The Sewer System provides sanitary sewer service directly to approximately 23,100 customers. The Sewer System has two distinct portions. The first, the "Morgantown Sewer System," includes both The City of Morgantown and the immediately surrounding areas, encompassing the traditional service area of MUB. The facilities in the Morgantown Sewer System include, but are not limited to, approximately 249 miles of collection lines and mains, the Star City WWTP which has a 12 million gallon per day (MGD) capacity, 53 lift stations, and 40 combined sewer outfalls. The Project financed with the Series 2016 A Bonds will make improvements to the Star City WWTP to effectively increase treatment capacity to 20.8 MGD. See "PURPOSE AND PLAN OF FINANCING – The Project" herein.

The second distinct portion of the Sewer System is the sanitary sewer collection and treatment system which serves the Cheat Lake area outside of, but adjacent to, the municipal limits of the Issuer in Monongalia County. The Cheat Lake System serves approximately 2,600 customers. The facilities of the Cheat Lake System includes approximately 49 miles of collection and transmission lines, a 750,000 gallon per day (GPD) wastewater treatment plant (the "Cheat Lake WWTP") and 20 lift stations. The Cheat Lake System contains no combined sewer overflows. The Cheat Lake WWTP, lift stations, and major interceptors and force mains were constructed in 2000 at a cost of $10,000,000. Growth and demand for expanded utility services is generally strong throughout the MUB service area and particularly so in the Cheat Lake area.

MUB Sewer System – Service Area

MUB's Sewer System Service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 49.75 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service industry customers.

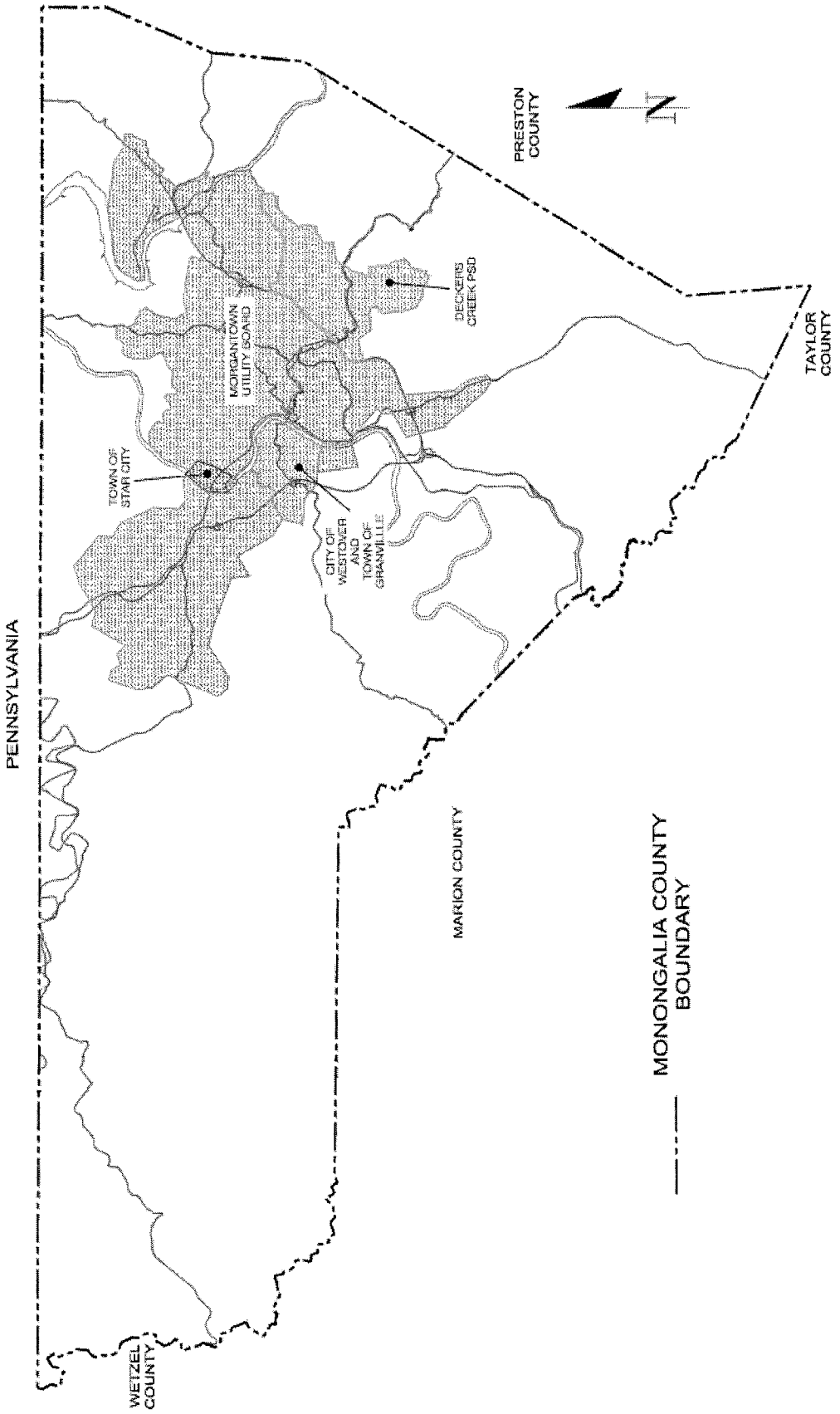
In addition to MUB's retail customers, MUB provides sanitary sewerage transmission and treatment to four (4) separate adjacent public sewer utilities: the City of Westover, Deckers Creek Public Service District ("Decker's Creek PSD"), the Town of Star City, and the Town of Granville (collectively, the "Sewer Resale Customers"). The Sewer Resale Customers provide retail sanitary sewer service to nearly 5,500 customers within their respective service territories.

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Set forth on the next page is a map which reflects the retail service area of the Sewer System, as well as the general geographic boundaries of the Sewer Resale Customers.

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PENNSYLVANIA
WETZEL COUNTY
MARION COUNTY
PRESTON COUNTY
TAYLOR COUNTY
N
MORGANTOWN UTILITY BOARD
DECKERS CREEK PSD
TOWN OF STAR CITY
CITY OF WESTOVER AND TOWN OF GRANVILLE
MONONGALIA COUNTY BOUNDARY

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MUB Sewer System – Customer Data*

The following table sets forth the total sanitary sewer collection and treatment sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$3,603,277	$1,286,963	$245,449	–	$469,122	$5,604,811
2005	$3,654,324	$1,405,427	$294,924	–	$506,834	$5,861,509
2006	$4,059,102	$1,610,572	$274,353	–	$526,789	$6,470,816
2007	$4,368,193	$1,626,967	$267,660	–	$555,105	$6,817,925
2008	$4,530,051	$1,473,390	$299,693	–	$629,086	$6,932,220
2009	$4,835,992	$1,317,109	$339,187	–	$712,505	$7,204,793
2010	$3,458,586	$1,903,921	$307,798	$1,274,932	$700,225	$7,645,462
2011	$3,531,058	$1,982,495	$313,247	$1,156,584	$785,867	$7,769,251
2012	$3,789,665	$2,243,995	$493,504	$1,307,667	$867,749	$8,702,580
2013	$4,242,666	$2,380,843	$426,778	$1,411,592	$861,492	$9,323,371
2014	$4,487,498	$2,447,661	$460,191	$1,401,645	$803,564	$9,600,559
2015	$5,079,237	$2,874,371	$454,779	$1,356,427	$712,508	$10,477,322
2016	$5,186,957	$3,008,484	$475,128	$1,365,651	$656,106	$10,692,326

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Mylan Pharmaceuticals	133,982	$540,411.03
2	West Virginia University	129,159	$527,079.68
3	City of Westover**	213,689	$320,534.00
4	WVU Hospitals	69,646	$278,971.33
5	Morgantown Energy Association	73,845	$192,792.52
6	RF Kennedy Youth Center	40,076	$160,779.20
7	Deckers Creek PSD**	103,074	$154,611.00
8	Town of Star City**	87,840	$131,760.00
9	Monongalia General Hospital	49,620	$74,905.20
10	Monongalia County Board of Education	18,228	$73,277.00
	Total	**919,159**	**$2,455,120.96**

* Source: Morgantown Utility Board
* Resale Customer

The total Sewer System Gross Revenue for the fiscal year ended June 30, 2016 was $10,692,000. The ten largest sewer customers represented 23% of the Sewer System Gross Revenue.

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MUB Sewer Resale Customers

The following tables set forth information regarding MUB's Sewer Resale Customers for the fiscal years indicated.

MUB Sewer Resale Customers – Resale Customer Count*

Resale Customer	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	2,241	2,241	2,180	2,120	2,104
Deckers Creek PSD	1,831	1,820	1,790	1,748	1,706
Town of Star City	891	876	876	880	877
Town of Granville	345	347	349	357	349
Total	**5,308**	**5,284**	**5,195**	**5,105**	**5,036**

MUB Sewer Resale Customers – Annual Gallons Wastewater Treated by MUB (000's omitted)**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	213,689	230,765	230,859	200,663	236,660	262,998
Deckers Creek PSD	103,074	103,994	115,570	151,686	166,708	172,927
Town of Star City	87,840	87,840	87,600	87,600	87,840	87,600
Town of Granville	32,801	42,636	46,912	35,323	53,313	39,002
Total	**437,404**	**465,235**	**480,941**	**475,272**	**544,521**	**562,527**

MUB Sewer Resale Customers – Annual Treatment Cost Billed by MUB**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	$320,534	$346,148	$346,289	$331,995	$314,434	$318,228
Deckers Creek PSD	$154,611	$155,991	$173,356	$227,528	$223,149	$209,568
Town of Star City	$131,760	$131,400	$131,040	$131,400	$118,954	$105,996
Town of Granville	$49,201	$63,955	$70,368	$52,984	$73,110	$47,192
Total	**$656,106**	**$697,494**	**$721,053**	**$743,907**	**$729,647**	**$680,984**

For the fiscal year ended June 30, 2016, payments for sewage transmission and treatment to MUB from Sewer Resale Customers represented 6.13% of the Sewer System Gross Revenue.

* Information gathered from Annual PSC Reports of Resale Customers
** Source: Morgantown Utility Board

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MUB Stormwater System

The Stormwater System serves approximately 15,200 customers. The West Virginia Department of Environmental Protection ("DEP") implemented federal MS4 (Municipal Separate Storm Sewer System) regulations effective 2003. The City of Morgantown added stormwater to the mission of MUB on May 21, 2002. Prior to that, the Stormwater System was maintained by the City Street department. The MUB stormwater utility was the first created in West Virginia, and has served as the model for others created statewide since that time. Stormwater rates, based on measured impervious area, were enacted by the Council of the Issuer to fund a suitable annual budget for both ongoing operations and maintenance, and for capital improvements. The MUB stormwater service area is defined on a watershed basis, and therefore includes areas that flow into the City from beyond the municipal corporate limits. Stormwater System facilities include a known inventory of 103 miles of pipe and culverts, however, the length of the total stormwater conveyance facilities is estimated to be approximately 225 miles. A mapping project to determine the full system inventory is underway, as required by recent federal regulations. An $8,500,000 project was completed in 2009 to improve the Burroughs Run and Popenoe Run streams, providing stream restoration to stabilize the streams and to improve stream conveyance capacity in order to reduce the potential for flooding. A $2,475,000 project to improve and protect the Sabraton area along the Hartman Run stream, and at the intersection of Hartman Run Road (W.V. Route 857) and W.V. Route 7 was completed in 2015.

MUB Stormwater System – Service Area

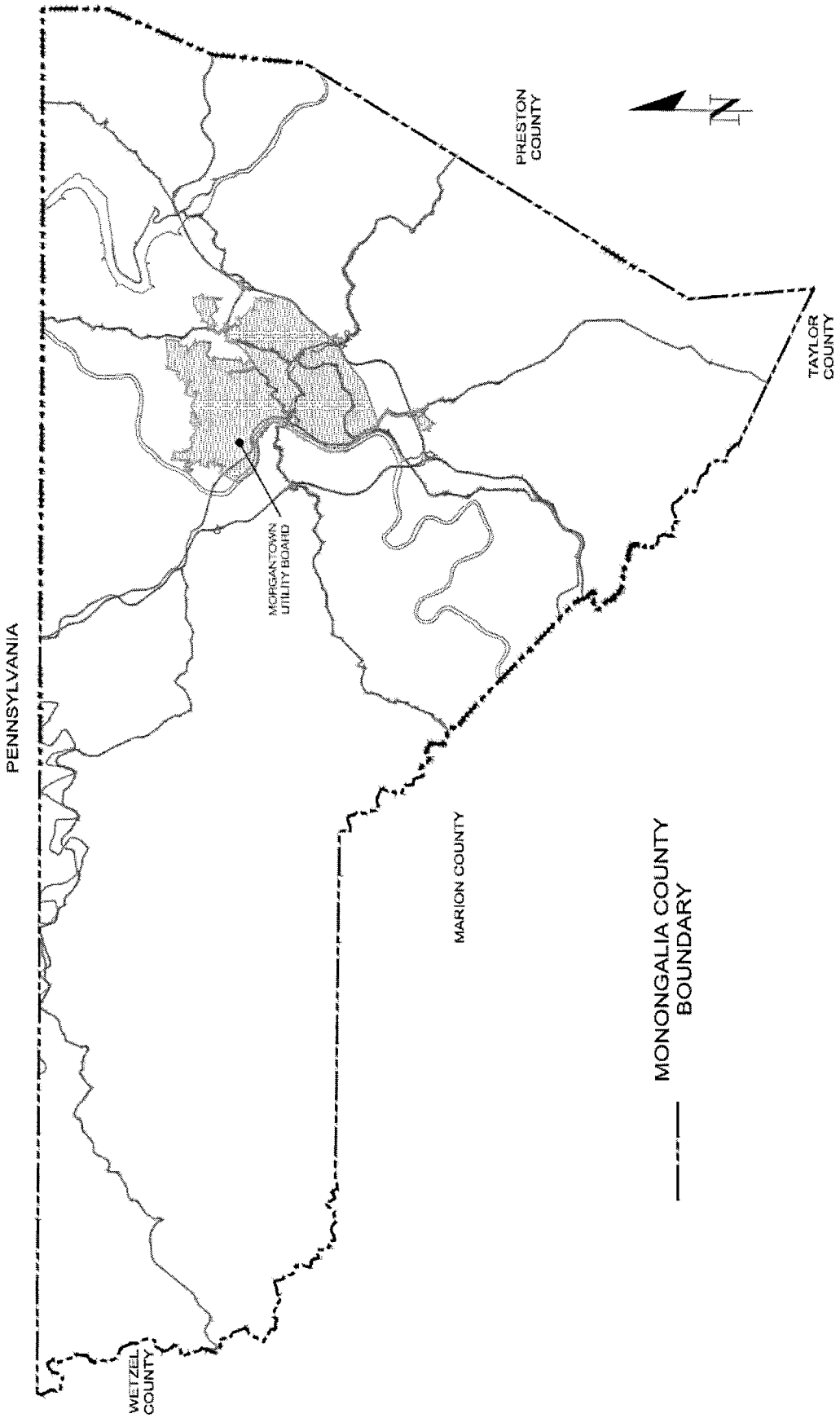
MUB stormwater service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 14.68 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service customers.

Set forth on the next page is a map which reflects the retail service area of the Stormwater System.

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WETZEL COUNTY
MARION COUNTY
PRESTON COUNTY
TAYLOR COUNTY
MORGANTOWN UTILITY BOARD
N
MONONGALIA COUNTY BOUNDARY

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MUB Stormwater System – Largest Customers

	Customer	*Impermeable Surface (in sq. ft.)*	*Revenue*
1	West Virginia University	10,023,286	$282,656.67
2	GP Management	1,848,992	$52,141.57
3	WVU Hospitals	1,563,272	$44,084.27
4	Board of Education	1,460,534	$41,187.06
5	RF Kennedy Youth Center	914,791	$25,797.11
6	Mylan Pharmaceuticals	876,712	$24,723.28
7	The City of Morgantown	872,167	$24,595.11
8	Wal-Mart Stores	772,999	$21,798.57
9	US Dept. Energy NETL	632,696	$17,842.03
10	Monongalia General Hospital	395,021	$11,139.59
	Total	**19,360,470**	**$545,695.25**

The total stormwater operating revenue for the fiscal year ended June 30, 2016 was $1,891,000. The ten largest stormwater customers represented 29% of the total operating revenue.

MUB Operating and Capital Budgets

Operating and Capital budgets for the Water System, Sewer System and Stormwater System are prepared and approved annually by MUB.

MUB Combined Utility System Environmental Regulatory Performance

MUB maintains an excellent record of regulatory compliance. Discussion follows by each utility system.

MUB 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"), and consistently indicate full compliance.

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%. MUB's program of loss prevention and leak location is very effective, and consistently complies with the PSC standard. The most recent reported water loss was 5.08% for FY 2015.

There are no outstanding enforcement actions applicable to the Water System.

MUB Sewer System.

Sewer service is highly regulated under the NPDES permits for each WWTP and corresponding collection system. As evidenced by receipt of numerous consecutive Platinum Awards from the National Association of Clean Water Agencies ("NACWA"), MUB has had zero permit violations in the last 15 years at the Star City WWTP, and in the last 17 years at the Cheat Lake WWTP.

An Administrative Order has been issued by DEP related to the Long Term Control Plan, and is procedural in nature. MUB is fully compliant with the terms of the Administrative Order.

An Administrative Order has been issued by DEP related to the Project, and confirms the construction plan and schedule proposed by MUB in the approved NPDES permit modification. MUB anticipates full compliance with the Administrative Order.

There are no other outstanding enforcement actions applicable to the Sewer System.

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MUB Stormwater System.

Numerous standards apply to regulate the operation and maintenance of Stormwater systems by way of the MS4 variation of the NPDES permit. Semi-annual reports are required by DEP, and consistently indicate substantial compliance.

A 2014 inspection by DEP of MUB's MS4 reporting resulted in a Notice of Violation for failure to achieve certain permit requirements and/or goals expressed in MUB's Stormwater Management Plan. In most cases, the requirement/goal had been achieved, but the achievement was not properly documented. MUB was directed to submit a report describing how the unmet goals would be achieved/documented for compliance; said report was promptly submitted, appropriate program corrections were made, and no further enforcement action has been taken or is expected to be taken.

A 2015 inspection by the United States Environmental Protection Agency ("EPA") of MUB's MS4 reporting (for years 2012 and 2013) resulted in an Administrative Order for failure to achieve certain permit requirements. MUB was directed to submit a report describing how the unmet goals would be achieved/documented for compliance; said report was promptly submitted, and EPA has now issued a letter accepting the Report and closing the Administrative Order docket as having been appropriately resolved.

There are no outstanding enforcement actions applicable to the Stormwater System.

MUB Sewer System Long Term Control Plan

MUB's original LTCP was submitted to WV DEP and approved in 2002. Because such complex plans and the regulations to which they respond are constantly evolving, the LTCP is best considered a living document that remains subject to continuous revision and re-negotiation.

MUB submitted updates to its LTCP to WV DEP in 2011 and 2014. These updates have not been formally approved or rejected by DEP, and remain under ongoing discussion. The 2014 LTCP serves as the basis for the Project. DEP has approved the plans and specifications and the related NPDES permit modification for the Project.

Work completed under the 2002 LTCP includes the following: (i) an addition of a third secondary clarifier at the Star City WWTP, which was completed in 2009 at a cost of $6,400,000; and (ii) an upgrade of Deckers Creek Pump station and force main, which was completed in 2012 at a cost of $15,500,000.

The 2014 LTCP describes four phases of anticipated improvements (all cost estimates are in 2015-2016 dollars):

- Group 1 – 2020 completion
  - WWTP upgrade – pending under subject Issue at $99,700,000 (estimated $70,000,000 in LTCP).
  - Popenoe Run Interceptor replacement – to be financed with the Series 2016 A Bonds at $1,600,000 (estimated $6,000,000 in LTCP).

- Group 2 – 2025 completion
  - WWTP upgrade Phase 2 at $21,000,000.*
  - (Since the 2014 LTCP, portions of this project have been included in the pending work proposed in Group 1 to be financed with the Series 2016 A Bonds).

- Group 3 – 2030 completion
  - Upgrade of Deckers Creek Pump Station and Interceptor at $19,000,000.*
  - Popenoe Run Pumping and Storage at $12,000,000.*

- Group 4 – 2035 completion
  - Add High Flow Wet Weather Treatment to WWTP at $44,000,000.*

* Preliminary, subject to change. Also, subject to availability of grant and low interest loan funds and affordability under %MHI indices.

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MUB Awards and Recognitions

MUB is recognized as an industry leader in West Virginia and the region with respect to water, wastewater and stormwater utilities. MUB has been repeatedly recognized by a variety of organizations for both projects and policies which have reflected this leadership. Included in such accolades are the following:

Year	Category	Issued by	Notation
2016	Water	WV AWWA	1st place Taste Test
2016	Sewer	NACWA	Platinum – Star City WWTP (15th consecutive year)
2016	Sewer	NACWA	Platinum – Cheat Lake WWTP (17th consecutive year)
2013	Water	WV RWA	Water System of the Year
2012	Stormwater	WV DEP	Environmental Excellence Award – stormwater
2009	Stormwater	Assoc. Builder & Contractors	Excellence in Construction – Burroughs Run Project
2008	Stormwater	WV DEP	Pisces Award – Innovative & Effective SRF
2002	Water	WV RWA	Water System of the Year
2002	Sewer	WV DEP	Environmental Excellence Award – large plant
2002	Sewer	WV DEP	Environmental Excellence Award – small plant
2002	Sewer	Assoc. Builder & Contractors	Excellence in Construction – Cheat Lake WWTP
2001	Sewer	WV DEP	Environmental Excellence Award – most improved

MUB actively participates in the activities and leadership of several West Virginia based industry groups and national industry organizations, including:

West Virginia Based Organizations

- WV American Water Works Association ("WV AWWA"),
- WV Rural Water Association ("WV RWA"),
- West Virginia Municipal League ("WVML"),
- West Virginia Municipal Water Quality Association ("WVMWQA"), and
- West Virginia Water Environment Association ("WVWEA").

National Organizations

- American Water Works Association ("AWWA"),
- Water Environment Federation ("WEF"),
- Rural Water Association ("RWA"),
- National Association of Clean Water Agencies,
- Association of Metropolitan Water Agencies ("AMWA"), and
- Wet Weather Partnership.

MUB's active participation in these organizations has broadened its reach to include a wide network of resources and contacts. This allows MUB to bring cutting edge ideas to practice in its service areas. Most importantly, it empowers MUB to compare itself to, learn from, and compete with larger utilities throughout the nation and region.

In addition to formal recognition, MUB is unique among public utilities in West Virginia as the first, and to this date, the only, combined potable water, sanitary sewer and stormwater utility.

MUB Operations, Maintenance, and Asset Management

MUB Operations Overview.

The Water Treatment Plant, Star City WWTP and the Cheat Lake WWTP (collectively, the "Treatment Plants") are under the direct supervision of the Manager of Treatment and Production Facilities. The Treatment Plants are operated by professionals licensed by the WV Bureau for Public Health (Water) and the West Virginia Department of Environmental Protection (Sewer). In addition to the Treatment Plants, the Manager of Treatment and Production Facilities is responsible for the operation and maintenance of the 15 pumping stations and 34 storage tanks included in the Water System and the 73 pumping stations in the Sewer System.

The distribution and transmission lines in the Water System, collection and transmission lines in the Sewer System and the management and conveyance infrastructure in the Stormwater System are the responsibility of the Distribution Superintendent. The Combined Utility System includes approximately 411 miles of water distribution lines, 298 miles of sewerage collection and transmission lines, and approximately 225 miles of stormwater management lines.

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MUB Maintenance Overview.

MUB has a structured maintenance program which focuses on ensuring the expected useful life of equipment throughout the Combined Utility System. A computerized maintenance management system is utilized to track and document preventative maintenance, predictive maintenance and unplanned repair activities. A computerized purchasing and inventory control system is utilized.

Asset Management Plan Overview.

MUB maintains an Asset Management Plan which is updated on an annual basis to reflect depreciation, replacement and upgrades of existing assets, as well the inclusion of new assets. The purposes of the Asset Management Plan are to (i) ensure the maximum reasonable useful life from assets; (ii) reduce the occurrence of lost service through anticipatory replacement, repair or improvement of assets; and (iii) support optimal decision-making through consistent life-cycle costing and renewal and replacement planning.

Community Outreach and Support

The Project required an 87.5% sewer rate increase to fund the debt service of the Series 2016 A Bonds and the Series 2016 B Bonds. Similarly, a 33% water rate increase was necessary to fund the debt service of the pending Series 2017 A Bonds. The best evidence of public support for the rate increases is that they were unanimously approved by City Council on February 2, 2016 and went into effect on July 1, 2016.

The approved rate increases equate to a 66% increase in the combined water/sewer bill of the average residential customer. Achieving public support and approvals of City Council for such a significant increase was earned through an extensive and transparent public outreach campaign by MUB.

MUB made detailed presentations at seven (7) public meetings between September 29, 2015 and November 24, 2015, at which time both projects were described and MUB invited and received public input. Each of these meetings included open Q&A sessions that continued until every question of every attendee had been addressed. MUB also made the presentations and related project information available for download at its website.

In addition to the above outreach program, additional opportunities for Q&A and public input were provided at monthly MUB Board meetings from October 2015 through January 2016. Outreach was concluded with public comment opportunities during the City Council deliberations on January 5, January 19, and February 2, 2016, including a formal public hearing on February 2, 2016.

These extraordinary outreach efforts and the merits of both projects and the related rate increase were topics of several supportive editorials in the Dominion Post (the primary newspaper of the region). The editorials voiced full support for the proposed projects and related rates; have cited MUB's outreach as a model for other utilities and public agencies; and most recently have praised the quality of MUB's management as deserving the community's trust and respect.

MUB CAPITAL IMPROVEMENT PROGRAM

MUB utilizes an annually adopted five-year Capital Improvement Program ("CIP") to plan and manage the capital improvements necessary to fulfill its service mission, comply with regulatory requirements and preserve and upgrade each system within the Combined Utility System. MUB updates the CIP annually in conjunction with its budget process, based on detailed project review by engineering staff, external engineering consultants retained by MUB and senior management.

MUB CIP Management and Administration

Consulting engineering services are generally employed for the design of major projects. MUB's engineering department has fourteen (14) employees who design certain projects and review and coordinate the plans submitted by consulting engineers for others. Depending on the size and type of project, responsibility for design, bidding, construction management, and/or resident inspection may be provided by MUB engineers, consulting engineers, or a combination of both. All projects are scheduled and monitored under the direction of a licensed professional engineer. Overall project coordination and management is the responsibility of the General Manager and Assistant General Manager/Chief Engineer.

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MUB CIP Funding Sources

MUB anticipates funding the CIP through a combination of long term debt (revenue bonds) and internally generated funds for capital additions. Additional funding is routinely received from developers, the West Virginia Department of Highways, West Virginia University and others for the purpose of increasing capacity, relocating facilities and expanding the service area.

MUB Current CIP

The paragraphs below outline the current five-year CIP, with the exclusion of the Project and the Water Reservoir Project to be financed with the proceeds of the Series 2016 A Bonds and the Series 2016 B Bonds, and the Series 2017 A Bonds, respectively.

MUB Water System – CIP.

Rates and charges for the Water System have been established that provide an annual budget of $1,000,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of distribution lines, pumping and treatment structures, and major equipment. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Sabraton 16" Loop Connection	$200,000
	Mulberry, Gem, and Elmina Streets Replacement	200,000
	Watts and Western Replacement/Upgrade	100,000
	Valley View Upgrade	100,000
	Miscellaneous Upgrades and Extensions	400,000
2018	University Avenue	$200,000
	Pixler Hill and Hagedorn Lane	100,000
	Replace Cherry Hill Booster	150,000
	Miscellaneous Upgrades and Extensions	550,000
2019	University Avenue	$150,000
	Linden, Lexington, Melrose and West Replacements	200,000
	Miscellaneous Upgrades and Extensions	650,000
2020	High, Madison, Long, Dunkard, Kenmore etc Replacement	$350,000
	Miscellaneous Upgrades and Extensions	650,000
2021	Van Voorhis Rd 12" Replacement	$300,000
	Miscellaneous Upgrades and Extensions	700,000

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MUB Sewer System – CIP.

Rates and charges for the Sewer System have been established that provide an annual budget of approximately $1,500,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of collection lines, pumping and treatment structures, and major equipment. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Dorsey's Knob Sewer System Update	$350,000
	Replace Excavator	300,000
	Aerial Mapping Update	200,000
	Valley View Sewer Upgrade	250,000
	Miscellaneous Upgrades and Extensions	450,000
2018	Brookhaven Road Capacity Increase	$300,000
	Standard Street New VFD Equipment	150,000
	Vac Truck Replacement	300,000
	Airport Blvd Pump Station	150,000
	Miscellaneous Upgrades and Extensions	600,000
2019	Deckers Creek Interceptor MH replacement and Lining	$1,300,000
	Miscellaneous Upgrades and Extensions	200,000
2020	Deckers Creek Interceptor Tide Gate Installation	$200,000
	Orchard Crossing Upgrade	200,000
	Replace 4 Dump trucks	400,000
	Mon Interceptors Tide Gate Installation	300,000
	Miscellaneous Upgrades and Extensions	400,000
2021	CSO Screen Installation	$300,000
	Miscellaneous Upgrades and Extensions	1,200,000

MUB Stormwater System – CIP.

Rates and charges for the Stormwater System have been established that provide an annual budget of $125,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of stormwater conveyance and management facilities. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Valley View Road	$125,000
2018	Valley View Road	125,000
2019	Popenoe Run	125,000
2020	Popenoe Run	125,000
2021	Dug Hill Run	125,000

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DEBT SERVICE REQUIREMENTS

Existing Long-Term Debt of the Combined Utility System

Pursuant to the Act, all debt secured by the Gross Revenues of the Combined Utility System has a lien on the Gross Revenues of the Water System, the Sewer System and the Stormwater System. Accordingly, the Bonds are known as "Combined Utility System Revenue Bonds" denoting the lien on the "combined" system. The following outstanding debt is secured by the Gross Revenues of the Combined Utility System, on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds:

Bond Issue	*Issue Date*	*Project*	*Original Issue Amount*	*Balance June 30, 2016*	*Approximate Annual Debt Service*	*Final Maturity*
2015 E	6/11/2015	Sewer System Extension	$662,300	$658,081	$19,000	06/2055
2015 D	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$1,688,394	$1,478,710	$44,251	12/2049
2015 C	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$8,111,813	$5,817,003	$214,006	09/2043
2015 B	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$4,586	$1,881	$118	10/2031
2015 A	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$137,568	$101,414	$11,306	10/2031
2014 B	7/13/2014	Stormwater Improvements	$505,421	$471,533	$37,563	08/2034
2013 A	8/22/2013	Assume Canyon PSD Sewer Bonds	$4,605,260	$4,210,520	$131,580	06/2048
2012 C	10/5/2012	Stormwater Improvements	$2,330,000	$2,050,000	$163,920	10/2032
2012 A	8/24/2012	Water System Extension	$570,000	$530,150	$23,992	03/2044
2010 F	1/28/2010	Water Treatment Plant Improvements	$7,250,000	$3,250,000	$1,150,489	12/2018
2010 E	1/28/2010	Water System Improvements	$100,000	$84,157	$6,080	09/2032
2010 D	1/28/2010	Water System Improvements	$9,317,286	$7,841,178	$566,381	09/2032
2010 C	1/28/2010	Sewer System Improvements	$15,380,227	$12,943,588	$934,936	09/2032
2010 A	1/28/2000	Water Treatment Plant Upgrade	$37,950,000	$37,950,000	$2,280,000	12/2040
2007 A	8/14/2007	Stormwater Improvements	$8,500,000	$6,069,570	$535,038	06/2029
2006 A	6/30/2006	Star City WWTP Secondary Clarifier	$6,410,191	$4,147,999	$389,664	06/2028
2000 B	2/29/2000	Cheat Lake Wastewater Treatment Plant	$2,488,000	$1,538,598	$65,476	12/2039
2000 A	2/29/2000	Cheat Lake Wastewater Treatment Plant	$7,842,000	$3,152,955	$343,191	03/2026
			$113,853,046	**$92,297,337**	**$6,916,991**	

See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Prior Bonds" herein.

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MUB Combined Utility System – Aggregate Debt Service Table

The table below sets for the anticipated aggregate debt service for the Prior Bonds, the Series 2016 A Bonds and the Series 2016 B-1 Bonds. The Series 2016 B-2 Bonds are not included in this table as the principal thereof is forgiven by the West Virginia Water Development Authority and/or West Virginia Department of Environmental Protection – Clean Water State Revolving Fund on June 30th of the fiscal year in which any such principal amount is advanced.

Fiscal Year (Ending June 30)	Debt Service On Prior Bonds	Series 2016 A*	Series 2016 B-1* **	Total
2017	$6,869,050	-	-	$6,869,050
2018	6,869,581	-	-	6,869,581
2019	6,867,720	-	-	6,867,720
2020	6,853,629	-	-	6,853,629
2021	6,837,304	-	-	6,837,304
2022	6,818,575	-	-	6,818,575
2023	6,791,984	-	-	6,791,984
2024	6,766,533	-	-	6,766,533
2025	6,741,915	-	-	6,741,915
2026	6,632,462	-	-	6,632,462
2027	6,362,490	-	-	6,362,490
2028	6,331,627	-	-	6,331,627
2029	5,852,729	-	-	5,852,729
2030	5,331,936	-	-	5,331,936
2031	5,297,800	-	-	5,297,800
2032	5,254,244	-	-	5,254,244
2033	4,068,189	-	-	4,068,189
2034	3,494,348	-	-	3,494,348
2035	3,417,053	-	-	3,417,053
2036	3,367,426	-	-	3,367,426
2037	3,318,073	-	-	3,318,073
2038	3,268,141	-	-	3,268,141
2039	3,212,469	-	-	3,212,469
2040	3,128,008	-	-	3,128,008
2041	3,037,172	-	-	3,037,172
2042	426,529	-	-	426,529
2043	426,529	-	-	426,529
2044	261,309	-	-	261,309
2045	192,588	-	-	192,588
2046	192,588	-	-	192,588
2047	192,588	-	-	192,588
2048	192,589	-	-	192,589
2049	61,012	-	-	61,012
2050	38,943	-	-	38,943
2051	16,872	-	-	16,872
2052	16,872	-	-	16,872
2053	16,872	-	-	16,872
2054	16,872	-	-	16,872
2055	16,873	-	-	16,873
**Includes expected 0.25% administrative fee				

* Preliminary, subject to change

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MUB Combined Utility System Historical and Projected Coverage **

	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Operating Revenues	$21,454,380	$21,978,283	$22,842,087	$22,935,561	$33,789,995	$34,248,901	$34,541,342	$34,806,113
Other Operating Revenues	636,572	488,258	470,265	445,763	423,802	425,177	425,177	425,177
Total Operating Revenues	**$22,090,952**	**$22,466,541**	**$23,312,352**	**$23,381,324**	**$34,213,797**	**$34,674,078**	**$34,966,519**	**$35,231,290**
Total O & M Expense	12,538,608	13,338,657	13,768,514	15,523,128	16,073,068	16,798,372	18,042,493	18,872,882
Depreciation Expense	5,593,277	8,050,420	8,398,878	8,692,352	9,142,447	9,341,447	9,959,944	12,357,773
Operating Income	**$3,959,067**	**$1,077,464**	**$1,144,960**	**-$834,157**	**$8,998,282**	**$8,534,259**	**$6,964,082**	**$4,000,635**
Non-Operating Income	665,919	1,072,566	-128,103	1,001,638	941,384	941,384	941,384	941,384
Available for Debt Service	**$10,218,263**	**$10,200,450**	**$9,415,735**	**$8,859,834**	**$16,882,113**	**$18,817,090**	**$17,865,410**	**$17,299,792**
Debt Service Requirement	$6,953,390	$6,990,740	$7,230,075	$7,300,490	$9,134,384	$14,090,231	$14,084,901	$14,073,554
Coverage	**1.47x**	**1.46x**	**1.30x**	**1.21x**	**1.85x**	**1.34x**	**1.27x**	**1.23x**

* Projected
** Prepared by the Morgantown Utility Board

Method of Accounting

The accounts of the Water System, Sewer System and Stormwater System are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the MUB accounts are maintained in accordance with generally accepted accounting principles. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016" herein.

OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM

Series 2016 B Bonds Issued Simultaneously with Series 2016 A Bonds

In order to finance the costs of the Project not to be paid from the proceeds of the Series 2016 A Bonds and available funds of the Combined Utility System, the Issuer intends to issue, simultaneously with the issuance of the Series 2016 A Bonds, its Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of $25,000,000 (the "Series 2016 B-1 Bonds) and its Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program-Green), in the aggregate principal amount of not more than $500,000 (the "Series 2016 B-2 Bonds" and, collectively, with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds"). The Series 2016 B-2 Bonds are not included in the aggregate debt service calculation as the principal thereof is forgiven by the West Virginia Water Development Authority and/or West Virginia Department of Environmental Protection – Clean Water State Revolving Fund on June 30th of the fiscal year in which any such principal amount is advanced

The Series 2016 B Bonds shall have a first lien on the Gross Revenues from, and assets of, the Combined

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Utility System, on parity with the Series 2016 A Bonds, the proposed Series 2017 A Bonds, and the Prior Bonds.

Prior Bonds

The Issuer has outstanding the following bonds which will rank on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds as to liens, pledge, source of and security for payment from the Gross Revenues derived from the Combined Utility System, as follows:

(1) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds");

(2) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds");

(3) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds");

(4) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(5) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds");

(6) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(7) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

(8) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(9) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds");

(10) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds");

(11) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds");

(12) Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds");

(13) Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421 (the "Series 2014 B Bonds");

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(14) Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568 (the "Series 2015 A Bonds");

(15) Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586 (the "Series 2015 B Bonds");

(16) Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813 (the "Series 2015 C Bonds");

(17) Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394 (the "Series 2015 D Bonds"); and

(18) Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300 (the "Series 2015 E Bonds").

The Series 2000 A Bonds, Series 2000 B Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds, as supplemented, are herein collectively referred to as the "Prior Ordinances." As of June 30, 2016, the Prior Bonds were outstanding in the amount of $92,297,337. See chart contained in "DEBT SERVICE REQUIREMENTS – Existing Long-Term Debt of the Combined Utility System" herein.

Future Bond Issues

The Issuer and MUB anticipate the issuance of bonds on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds in the future. Such future bond issues include, but will not be limited to, Additional Parity Bonds to finance the following projects which are in various states of planning or commitment:

Water Reservoir Project.

The Project to be financed with the proceeds of the Series 2016 A Bonds and the Series 2016 B Bonds was originally planned to go to construction simultaneously with a project to construct a new water reservoir for the Water System and, depending on the availability of funds, additional assets for the Water System (hereinafter more fully described, the "Water Reservoir Project"), financed with a separate series of bonds on a parity with the Series 2016 A Bonds and Series 2016 B Bonds. Due to design and regulatory delays, the Water Reservoir Project has been delayed and construction bids expect to be opened in mid-November of 2016. The Issuer and MUB anticipate that the Water Reservoir Project will go to construction in the first quarter of 2017.

An ordinance authorizing the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2016 D in an amount not to exceed $40,000,000 was enacted by City Council contemporaneously with the Series 2016 A Ordinance. The Issuer anticipates issuing the bonds to finance the Water Reservoir Project in the first quarter of 2017 and will re-designate the obligations, via supplemental resolution, as "Combined Utility System Revenue Bonds, Series 2017 A," while the not to exceed amount will remain $40,000,000 (the "Series 2017 A Bonds"). The rate modifications for the Water System enacted to pay the anticipated debt service for the Project also included sufficient revenues to for the anticipated debt service on the Series 2017 A Bonds. These rates began to be charged on July 1, 2016.

Rockley Road Water Extension Project.

This project will provide water service to approximately 29 retail customers along Rockley Road. The project is designed and MUB anticipates construction will begin in the second quarter of 2017. The project will be financed through the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2017 B, in an amount not to exceed $1,000,000 (the "Series 2017 B Bonds"). The Series 2017 B Bonds are expected to be purchased by the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure and

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Jobs Development Council (the "WVIJDC") at an interest rate of 1% for a term of 40 years, pursuant to a commitment letter from the WVIJDC. While the Series 2017 B Bonds will be secured by a parity first lien on the Combined Utility System, the new customers added by the Rockley Road Water Extension will each pay an additional surcharge which, in aggregate, will pay the debt service and coverage requirement for the Series 2017 B Bonds.

Scotts Run Sewer Extension Project.

The Scotts Run Sewer Extension Project will extend sewer collection service to approximately 40 retail customers who do not currently have sanitary sewer service. The project is currently being designed and MUB anticipates construction will begin in 2018. The project is expected to be financed through the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2018 A, in an amount not to exceed $10,000,000 (the "Series 2018 A Bonds"). While funding for the project is not yet committed, the Issuer and MUB anticipate that the Series 2018 A Bonds will be purchased by the West Virginia Water Development Authority on behalf of either the WVIJDC or the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund, at an effective interest rate of 1% or 2% for a term of either 30 or 40 years.

MUB acquired what was formerly the sanitary sewer collection system of Scotts Run Public Service District ("Scotts Run PSD") in 2013. The rates charged to the customers of Scotts Run PSD were substantially higher than the rates of MUB's existing retail sanitary sewer customers, and the higher rates remain in effect for the former Scotts Run PSD customers following the acquisition. As a result of organizational efficiencies following the acquisition, MUB has eliminated approximately $200,000 of annual cost attributable to serving the former Scotts Run PSD customers. The scope/financing of the proposed project is being structured so that this $200,000 of savings will cover the additional debt service for the Series 2018 A Bonds. The additional debt service related to this project has been included in the rates enacted in anticipation of the issuance of the Series 2016 A Bonds, the Series 2016 B Bonds and the Series 2017 A Bonds, while revenues from the new customers added as a result of the proposed project have not been included.

The anticipated debt service for the Water Reservoir Project and the Scotts Run Sewer Extension Project have been included in the rates for the Water System and Sewer System enacted by City Council in early 2016. Due to the surcharge to be paid by the new customers, the Rockley Road Water Extension Project is rate neutral.

STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES

State Utility Regulation

Public water and sewer utilities in West Virginia are subject to regulatory review by the PSC. Public stormwater facilities are not subject to PSC regulation. Pursuant to state legislation which became effective on June 12, 2015 ("Senate Bill 234"), the scope of PSC authority over larger public water and sewer utilities such as MUB. As a result of Senate Bill 234, MUB was exempted from the 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.

These changes result in significant savings of both time and expense for MUB when pursuing both rate increases and capital projects.

While Senate Bill 234 removed the authority of the PSC to review amendment and modification of water and sewer rates and charges of larger utilities, the legislature also 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 a 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.

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Neither the Issuer or MUB is aware that any bondholder has petitioned the PSC for relief pursuant to this specific authority 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 MUB and the Resale Customers regarding rates, fees and charges for the Water System and Sewer System; and (ii) complaints by MUB customers regarding the PSC's exercise of powers enumerated in Chapter 24, Article 2, Section 1(b) of the Code of West Virginia, 1933. Moreover, the PSC regulatory oversight includes regulation of measurements, practices, acts or service of MUB, regulation of MUB's system of accounts, regulation of the MUB'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 Utility 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; provide an adequate revenue and replacement fund; and (iii) make any other payments required or provided for in the applicable bond ordinance. The Act provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Under the Act, a municipality is required to maintain a "working capital reserve" for its respective water, sewerage and stormwater 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. The new rates and charges cannot go into effect any sooner than 45 days after the date of enactment of a Rate Ordinance, unless the Council affirmatively finds and declares that the Combined Utility System is in financial distress such that the 45-day waiting period would be detrimental to the ability of the Combined Utility System to deliver continued and compliant service. 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 Utility 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.

The Council of the City also has the authority to authorize capital projects 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 first reading of 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.

The PSC has retained jurisdiction over collection issues between utilities. Accordingly, in the event that any of the Water Resale Customers or Sewer Resale Customers becomes delinquent, the PSC is the appropriate venue for MUB to seek redress. The PSC has the authority to order the rates of a resale customer increased and/or the imposition of a surcharge in order to assure the full payment to MUB. MUB does not have the ability to terminate service to any resale customer without PSC approval.

Currently, Pleasant Valley Public Service District, a water resale customer ("Pleasant Valley"), has an arrearage to MUB of approximately $200,000. MUB filed a complaint case at the PSC, Case No. 16-0797-PWD-19A, seeking the imposition of rates and/or a surcharge upon the Pleasant Valley customers to repay the obligation to MUB. The case is currently pending before the PSC, and MUB anticipates that the full arrearage, with late fees, will be repaid.

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MUB Rate History and Comparison

The table below shows the recent rate history of MUB. MUB does not have a policy of regularly pursuing rate increases on a pre-determined schedule.

Morgantown Water

Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
12/19/1992	$ 5.92	$ 186.96	
1/20/2005	$ 7.65	$ 242.94	29%
9/28/2005	$ 8.03	$ 253.10	5%
10/4/2008	$ 8.98	$ 283.64	12%
1/1/2012	$ 17.42	$ 586.40	94%
7/1/2016	$ 23.18	$ 780.80	33%

Morgantown Sewer

Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
12/19/1992	$ 12.03	$ 487.90	
1/20/2005	$ 12.77	$ 504.30	6%
9/28/2005	$ 13.83	$ 561.20	8%
11/22/2008	$ 15.48	$ 627.92	12%
1/1/2012	$ 20.97	$ 839.60	35%
7/1/2016	$ 39.33	$ 1,574.40	87.5%

Cheat Sewer

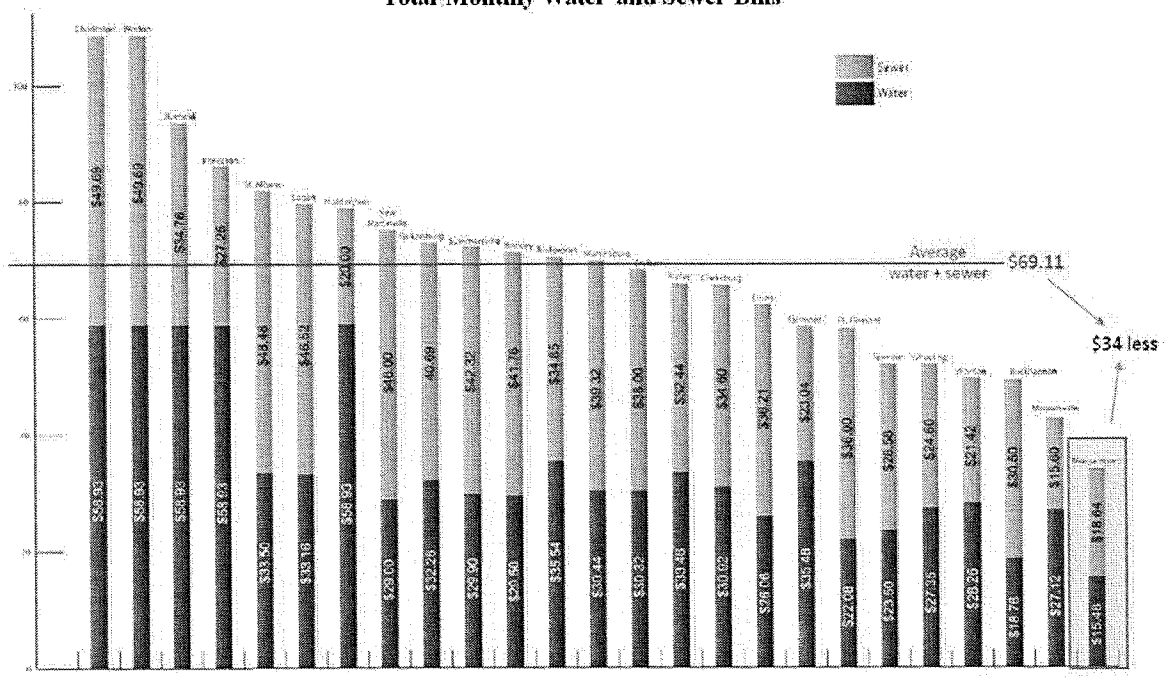
Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
2/7/1995	$ 12.96	$ 576.00	
1/1/2001	$ 37.50	$ 1,281.50	189%
7/1/2014	$ 46.50	$ 1,589.06	24%

Most of MUB's rate increases have been initiated as a result of new projects and the need to increase revenues for project-related debt service. These project-related increases have also included additional new revenues to address increased O&M expenses. The need for general inflation based rate increases is limited by several favorable factors, including:

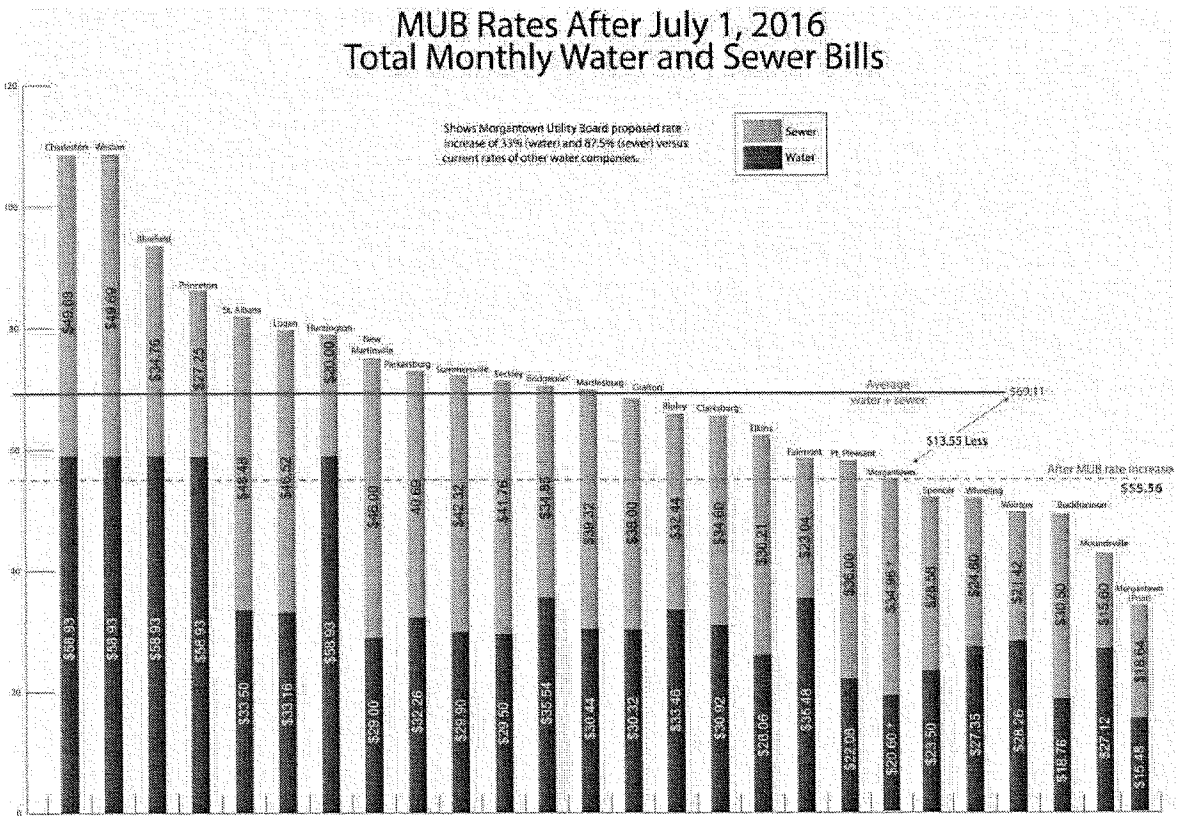
- Sustained customer growth
- Sustained system growth by both system extensions and acquisitions
- Investment income
- Rents and leases
- Additional revenues earned by sale of services to other utilities, including
    - Operation and Maintenance
    - Billing and collection

By aggressively managing the above, MUB maintains some of the lowest rates in the State. The two graphics below illustrate this comparison. The graphics were used in the recent public outreach campaign in connection with the Project and the Water Reservoir Project, and their titles are now outdated.

MUB Rates Prior to July 1, 2016
Total Monthly Water and Sewer Bills



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Before July 1, 2016, a MUB customer using 4,000 gallons of water paid a combined water/sewer bill of $34.12. That ranked as the lowest cost of 25 comparable systems throughout the State, and $34.99 below the statewide average of $69.11. Compared to the neighboring cities of Clarksburg and Fairmont, the same consumption in those areas would cost $65.52 and $58.52, respectively. Residents of Charleston, the State Capital, pay $108.62.

After July 1, 2016, a MUB customer using 4,000 gallons pays a combined water/sewer bill of $55.56. That ranks as the sixth lowest cost of 25 comparable systems throughout the State, and is still $13.55 below the statewide average of $69.11. Compared to the neighboring cities of Clarksburg and Fairmont, the new MUB rate is lower by $9.96 and $2.96, respectively. The new MUB rate is $53.06 less than that of Charleston.

The increase in the typical MUB monthly bill used in the above examples is $21.44. That represents a combined 62.8% increase for the average residential customer (33% for water and 87.5% for sewer). That percentage is relatively large, in part, because it is based on extremely low original rates. That same $21.44 monthly increase would be 33% in Clarksburg, 37% in Fairmont, and only 20% in Charleston.

MUB Retail Customer Collection Process

The 10 year average of uncollectible accounts is less than 0.33% percent of invoices issued for utility services.

MUB employs a regimented collection protocol, including written reminder notices, text messages, and phone calls to customers with late accounts. Upon default, and pursuant to tariff and state law, MUB will physically terminate water service for a past due account. Reactivation of service occurs only upon full payment of the account and a deposit made as guarantee against future service billing. Pursuant to MUB policy and state law, MUB offers payment arrangements in hardship cases. However, no free service is offered or provided to any customer, private or public.

New customers must provide a security deposit before service is provided. The deposit is held for a minimum of 1 year and, if the account is and has been current, it is returned as a credit on a bill. In the case of unpaid final bill balances, with which there is no active customer account, the accounts are referred to a third party collection agency 30 days after the bill is past due.

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MUB Retail Customer Uncollectible Accounts

FYE (ending June 30)	Water	Morgantown Sewer	Cheat Sewer	Storm	Total	% of Total Revenues	Total Revenues
2016	$20,866	$21,929	$1,931	$3,394	$48,120	0.382%	$12,598,036
2015	$25,958	$30,273	$1,917	$3,530	$61,678	0.477%	$12,931,756
2014	$17,708	$24,400	$2,873	$4,498	$49,479	0.376%	$13,151,596
2013	$8,991	$18,039	$7,230	$10,764	$45,024	0.316%	$14,247,159
2012	$12,158	$19,189	$2,911	$5,673	$39,931	0.268%	$14,913,693
2011	$26,438	$17,729	$3,381	$4,101	$51,649	0.341%	$15,152,814
2010	$10,578	$16,845	$2,770	$3,544	$33,737	0.183%	$18,449,323
2009	$12,216	$17,504	$2,705	$3,378	$35,803	0.165%	$21,717,305
2008	$12,772	$15,290	$2,991	$3,246	$34,299	0.155%	$22,156,348
2007	$12,122	$15,537	$2,498	$4,240	$34,397	0.149%	$23,045,380
2006	$11,942	$16,261	$1,474	$3,525	$33,202	0.143%	$23,145,261

MUB Wholesale Customer Collection Process

The PSC has retained jurisdiction over collection issues between utilities. Accordingly, in the event that any of the Water Resale Customers or Sewer Resale Customers becomes delinquent, the PSC is the appropriate venue for MUB to seek redress. The PSC has the authority to order the rates of a resale customer increased and/or the imposition of a surcharge in order to assure the full payment to MUB. MUB does not have the ability to terminate service to any resale customer without PSC approval.

Currently, Pleasant Valley Public Service District, a water resale customer ("Pleasant Valley"), has an arrearage to MUB of approximately $200,000. MUB filed a complaint case at the PSC, Case No. 16-0797-PWD-19A, seeking the imposition of rates and/or a surcharge upon the Pleasant Valley customers to repay the obligation to MUB. The case is currently pending before the PSC, and MUB anticipates that the full arrearage, with late fees, will be repaid.

LITIGATION

There is not now pending or, to the best of the Issuer's and MUB's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2016 A Bonds or questioning or affecting the validity of the Series 2016 A Bonds, the proceedings and authority under which they are to be issued, nor is the creation, organization, or existence of the Issuer or MUB being contested. Nor is there any litigation pending or, to the best of the Issuer's and MUB's knowledge, threatened which (i) in any manner questions the right of the MUB to operate the Combined Utility System or MUB's right to conduct its activities in accordance with the provisions of the Act and of the Series 2016 A Ordinance, or (ii) if determined adversely to MUB, would have a material adverse impact on the financial condition of the Combined Utility System.

The Issuer and MUB 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 MUB. Any such litigation is of a routine nature which does not affect the right of the Issuer or MUB 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 2016 A Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Bond Counsel, whose opinions will be delivered concurrently with the delivery, upon original issuance, of the Series 2016 A Bonds, substantially as set forth as "APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION" herein. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and MUB. Certain legal matters will be passed upon for the Issuer by Ryan Simonton, Esquire, City Attorney. Certain legal matters will be passed on for MUB by its General Counsel, Timothy Stranko. Jackson Kelly PLLC will pass upon certain matters as counsel for the Underwriters.

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CONTINUING DISCLOSURE

The Issuer has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2016 A 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, 2016, and to provide notice of the occurrence of enumerated events, all as further described in the Continuing Disclosure Agreement to be entered by the Issuer in substantially the form attached as "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein. The Annual Financial Information and each notice of enumerated events is required to be filed electronically by DAC, as dissemination agent on behalf of the Issuer, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriters in complying with Rule 15c2-12 promulgated by 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 2016 A Ordinance or the Series 2016 A Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE 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 agreements with respect to certain of the Prior Bonds. Despite the existence of these prior continuing disclosure agreements and the Rule (as described above), the Issuer:

Failed to timely file Audited Financials for the fiscal years ended June 30, 2012, June 30, 2013, June 20, 2014 and June 30, 2015, and failed to timely file notices of failure to timely file such Audited Financials in each such instance;

Failed to timely file Operating Data for the Combined Utility System for the fiscal years ended June 30, 2011 and June 30, 2009, and failed to timely file notices of failure to timely file such Operating Data in each such instance; and

Failed to timely file notices of rating changes related to the insurer of the Issuer's Series 2010 A and Series 2010 F Bonds, and failed to timely file notices of failure to timely file notices of such rating changes in each such instance.

All such filings of Audited Financials and Operating Data, as well as material event notices, have been made as of the date hereof, as well as all notices of failure to timely make all such filings.

The Issuer has engaged DAC to serve as dissemination agent for the Series 2016 A Bonds, as well as the Series 2010 A Bonds, the Series 2010 F Bonds and the Series 2012 C 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 2016 A Bonds (i) is excludable from gross income of the holders thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Code; (ii) is not a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Series 2016 A Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on corporations; and (iii) under the laws of the State of West Virginia, the Series 2016 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the 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.

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The opinions described in this section are subject to the condition that the Issuer complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied for interest on the Series 2016 A Bonds to be or continue to be excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2016 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation, including retroactively to the date of issuance of the Series 2016 A 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 2016 A Ordinance and the Tax Certificate relating to the Series 2016 A 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 2016 A Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2016 A Bonds will be selected for audit by the IRS. It is also possible that the market value of the series 2016 A Bonds might be affected as a result of such an audit of the Series 2016 A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the series 2016 A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2016 A Bonds or their market value.

Special Considerations with Respect to the Series 2016 A Bonds

The accrual or receipt of interest on the Series 2016 A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2016 A Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Prospective purchasers should be aware of certain collateral consequences which may result under federal tax law for certain holders of the Series 2016 A Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2016 A Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2016 A Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the Series 2016 A Bonds, (iii) interest on the Series 2016 A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the series 2016 A Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income, (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income receipts or accruals of interest on the Series 2016 A Bonds, and (vi) receipt of investment income, including interest on the Series 2016 A Bonds, may, pursuant to Section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit provided by Section 32(a) of the Code.

Backup Withholding

Interest paid on tax-exempt obligations such as the Series 2016 A Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Series 2016 A Bonds from gross income for federal tax purposes.

Changes in Federal and State Tax Law

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2016 A Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Series 2016 A Bonds or the tax consequences of ownership of the Series 2016 A Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2016 A

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Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including the limitation of federal tax expenditures, are expected to be under ongoing consideration by the United States Congress. These efforts to date have included proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation. Future proposed changes could affect the market value or marketability of the Series 2016 A Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2016 A Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2016 A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016 A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016 A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

[Original Issue Discount

Original issue discount ("OID") is the excess, if any, of the stated redemption price at maturity over the issue price. The issue price is the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2016 A Bonds maturing on _____ 1, 20__, _____ 1, 20__ and _____ 1, 20__ (the "Series 2016 A Discount Bonds"), were sold with OID. For federal income tax purposes, OID accrues to the owner of a Series 2016 A Discount Bond over the period to maturity based on the constant yield method, compounded annually (or over a shorter permitted compounding interval selected by the owner). The portion of the OID that accrues during the period of ownership of a Series 2016 A 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 2016 A 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 2016 A Discount Bond. A purchaser of a Series 2016 A Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Series 2016 A Discount Bond.

Owners of Series 2016 A 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 2016 A Discount Bonds as as to other federal tax consequences, and the treatment of the OID for purposes of state and local taxes on, or based on, income.

Original Issue Premium

The Series 2016 A Bonds maturing on _____ 1, 20__, _____ 1, 20__ and _____ 1, 20__ (the "Series 2016 A 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 2016 A Premium Bonds" or their earlier call date in the case of the "Series 2016 A Callable Premium Bonds." The difference between the principal amount payable at maturity of the Series 2016 A 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 2016 A 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 2016 A Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) will be "bond premium." For federal income tax purposes, bond premium is amortized over the period to maturity of a Noncallable Series 2016 A Premium Bond. A purchaser of a Series 2016 A Premium Bond will be required to decrease his or her adjusted basis in the Series 2016 A 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 2016 A Premium Bond.

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Owners of Series 2016 A 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 2016 A 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

S&P Global Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") has assigned a rating of "A+" with respect to the Series 2016 A Bonds. Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "A1" with respect to the Series 2016 A Bonds. The Issuer did not apply for any other ratings.

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 or Moody's, respectively. Certain information and materials not included in this Official Statement were furnished by the Issuer to S&P and Moody's. 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 or Moody's, as applicable, circumstances so warrant. The Underwriters have undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings of the Series 2016 A 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 2016 A Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc., has served as financial advisor (the "Financial Advisor") to the Issuer and MUB with respect to the issuance of the Series 2016 A Bonds. MUB has retained Public Financial Management, Inc. as Financial Advisor in connection with various matters relating to the delivery of the Series 2016 A Bonds. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the underwriting or distribution of securities.

UNDERWRITING

The Series 2016 A Bonds are being purchased by the Underwriters named on the cover of this Official Statement. The Bond Purchase Agreement provides that the Underwriters will purchase all the Series 2016 A 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 Underwriters' discount of $_____, plus [net original issue premium of $_____]. The obligation to make such purchase is subject to the terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel. The Underwriters may change the initial public offering prices from time to time. The Underwriters may offer and sell Series 2016 A Bonds to certain dealers (including dealers depositing Series 2016 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof, and such public offering price also may be changed without prior notice, from time to time, by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of MUB directly, as collateral securing other obligations or otherwise and/or persons and entities with relationships with MUB. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements (and reports with respect thereto) of the Morgantown Utility Board as of June 30, 2016. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. MUB has obtained the consent of Perry & Associates, Certified Public Accountants, A.C. to publish the 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 2016 A Bonds.

Copies of the Series 2016 A Ordinance, the Undertaking, the Act and other applicable documents may be obtained from the Issuer at the following address:

The City of Morgantown
Attention: City Manager
389 Spruce Street
Morgantown, West Virginia 26505

or, during the period of offering the Series 2016 A Bonds, from the Underwriters. Ongoing financial information may be obtained from the Issuer at the address set forth above.

This Official Statement has been duly approved and its execution and distribution authorized by the Issuer and the Morgantown Utility Board.

THE CITY OF MORGANTOWN (WEST VIRGINIA)

By: _____
Mayor

MORGANTOWN UTILITY BOARD

By: _____
General Manager

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APPENDIX A

The City of Morgantown (West Virginia)

ECONOMIC AND DEMOGRAPHIC DATA

General

The City of Morgantown is the County seat of Monongalia County, located along the Monongahela River and close to the Pennsylvania border, in north central West Virginia. Morgantown is home to West Virginia University, the largest institution of higher education in the State with an annual enrollment of approximately 28,776 students and is the medical, cultural, and commercial hub of the region. The population in Morgantown is estimated at 30,000.00.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County has been one of the fastest growing counties in the State over the last two decades.

Morgantown and Monongalia County have consistently experienced some of the lowest unemployment rates in the State. Major employers in the City include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, and West Virginia University.

One-half of the population of the United States, and one-third of the population of Canada, is located with 500 miles of Morgantown. Morgantown is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets.

City Government

The City of Morgantown is governed by a City Manager Council form of government, which was adopted in the City Charter in 1977.

Council member terms are two years in duration, with members being voted onto council for each of seven wards. The terms of Council members are not staggered; thus all seven council seats are up for election every two years. Council members must be sponsored by 75 registered voters from their ward to be placed on the election ballot. Once on the ballot, council members are elected by all voters of the City. The Mayor is elected from the members of council, by the council members, every two years.

The current members of the City Council are as follows:

MEMBER	TERM EXPIRES
Marti Shamberger, Mayor	June 30, 2017
Ron Bane	June 30, 2017
Bill Kawecki	June 30, 2017
Wes Nugent	June 30, 2017
Jennifer Selin	June 30, 2017
Jay Redmond	June 30, 2017
Nancy Ganz	June 30, 2017

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Population

The population of The City of Morgantown for the last decade is set forth below:

Year	Population	Year	Population
2010	28,984	2015	30,708
2009	30,333	2014	31,073
2008	29,639	2013	30,666
2007	29,308	2012	30,273
2006	29,217	2011	29,860

Source: U.S. Census Bureau

The total population for The City of Morgantown and Monongalia County from 1970 to 2010 are as follows

Year	Morgantown	Monongalia County	Area*
1970	29,431	63,714	N/A
1980	27,605	75,024	410,500
1990	28,280	75,645	381,100
2000	26,697	81,907	394,897
2010	28,984	96,776	

*Represents Monongalia County and six contiguous counties including Fayette County and Greene County in Pennsylvania and Marion County, Preston County, Taylor County and Wetzel County, West Virginia.

Additional Information on Monongalia County for 2010 includes:

Population	96,776
Households	43,238
Persons per Household	2.24

Transportation and Location

The City of Morgantown is served by the following:

Highways:
I-79 and I-68; U.S. 19 and 119; WV 7, 100 and 218

Transit:
Greyhound Bus Lines; Mountain Line (city/county transit); WVU Personal Rapid

Transit Railroads:
Norfolk-Southern Railroad offers daily freight service.

Air:
Morgantown Municipal Airport (Hart Field) offers daily commuter service to Pittsburgh via US Air Express. Pittsburgh International Airport is 80 miles north of Morgantown.

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Water:
The Monongahela River is a navigable waterway with a nine-foot channel depth.

Highway Distances from Morgantown (miles)

City	Distance from Morgantown, WV (miles)
Baltimore, MD	212
Charleston, WV	156
Charlotte, NC	376
Chicago, IL	529
Cleveland, OH	201
Columbus, OH	205
New York, NY	379
Philadelphia, PA	313
Pittsburgh, PA	75
Washington, DC	209

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 Monongalia County for the school years 2014-2015:

Type of school	Public	Private
Elementary Schools (PK-6)	11	4
Middle Schools (varies 5-8)	5	5
High Schools (varies 7-12)	3	2
Technical Centers	1	0
Alternative Education	0	1

Source NCES, 2010-2011

The total public school enrollment for Monongalia County in 2014-2015 was 11,192 students. The combined graduation rate for 3 high schools was 90.7%. The pupil/teacher ratio is 15.2:1.

Source: NCES, WV SBA

Higher Education

West Virginia University ("WVU") is located in Morgantown and is the flagship institution of higher education in the State of West Virginia. A public land grant institution, WVU was founded in 1867. WVU has 135 colleges and schools that offer 191 bachelor, masters, doctoral and professional degree programs. WVU is a "Carnegie Research University" and as such, is one of the nation's top research universities.

Source: www.wvu.edu

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Other post-secondary schools in the State include West Virginia Junior College in Morgantown, Fairmont State University in Fairmont, West Virginia; Salem International University in Salem, West Virginia and Waynesburg University in Waynesburg, Pennsylvania.

Libraries

The Morgantown Public Library System consists of the main facility in downtown Morgantown, as well as four branches located in the Cheat Lake Area, Clinton District, Clay-Battelle and Aull Center. One library card can be used throughout the entire Northern Library Network. Free public access to Internet terminals with word processing capabilities is available and the library system offers a wide variety of free day and evening programs.

The West Virginia University Library supports the teaching, research and service functions of WVU. The libraries contain close to 1.9 million History OnView website catalogs/volumes, 229 electronic databases and more than 45,000 online full-text journals, with access to 36 million volumes through a book-sharing consortium. In addition, the West Virginia University Library contains 40,000 historical photos. The libraries also subscribe to more than 5,000 print periodical titles and have access to more than 17,000 electronic journals. The library system includes five libraries: the Downtown Library Complex, the Libraries Depository, the Law Library, the Health Sciences Library and the Evansdale Library.
Source: www.wvu.edu

Health Care

Hospitals The Monongalia General Hospital is an accredited, community-based hospital providing a full range of inpatient, surgical, medical, outpatient, and emergency room services. As a 189-bed general hospital, Monongalia General Hospital is the flagship of Monongalia Health System (MHS), an integrated health care delivery system, which offers a full range of health care services. Monongalia General Hospital's web site is www.monhealth.com.

The Robert C. Byrd Health Sciences Center of West Virginia University offers a full range of health care, provided by WVU faculty physicians and associated professionals. Ruby Memorial Hospital is the largest facility in the WVU Hospitals family, which includes WVU Children's Hospital, a same-day surgery center, a skilled nursing unit, and the region's only Level 1 trauma center. Also on the health science campus are the Mary Babb Randolph Cancer Center, Chestnut Ridge psychiatric hospital, the Sleeth Family Medicine Center, and HealthSouth Mountainview Regional Rehabilitation Center. WVU also hosts a major facility of the National Institute for Occupational Safety and Health. The campus is home to the state's helicopter ambulance service and is served by a nearby Ronald McDonald House. The Health Sciences Center web site is at www.wvu.edu.

Health Clinics The following are health clinics located in and around Morgantown: Clay Battelle Community Health Center; Morgantown Orthopedic Associates, Inc.; WVU - Cheat Lake Medical Associates Center for Excellence in Disabilities; Community Medical Associates; Cheat Lake Urgent Care; Physicians Office Center; Monongalia County Health Department; Morgantown Ear, Nose and Throat Clinic; Valley Community Mental Health Center; Morgantown Health Right Clinic; VanVoorhis Family Practice Center.

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Utilities

The following public utilities provide service in Morgantown:

Electric: Allegheny Power
Natural Gas: Dominion Hope, Mountaineer Gas Company
Water, Sewer, and Stormwater: Morgantown Utility Board

Employers
The top employers in The City of Morgantown and Monongalia County:

Employer
West Virginia University
West Virginia University Hospital
Mylan Pharmaceuticals, Inc
Monongalia Board of Education
Monongalia General Hospital
Wal-Mart Stores, Inc.
WV University Medical Corporation (University Health Associates)
Gabriel Brothers, Inc.
Teletech Customer Care Management (WV) Inc.
The Kroger Company

Source: Workforce WV (March 2015)

Unemployment
The average annual percentage of unemployment rates is as follows:

Year	City of Morgantown	Monongalia County	West Virginia	United States
2006	3.6	3.2	4.5	4.4
2007	3.2	2.9	4.2	5.0
2008	3.4	2.7	4.3	7.3
2009	6.8	4.4	7.9	9.9
2010	6.1	5.5	9.1	9.3
2011	5.7	5.0	7.4	8.5
2012	5.4	4.8	7.3	7.9
2013	4.6	4.0	6.7	6.7
2014	3.7	3.7	5.9	5.6
2015	5.7	3.8	6.2	5.0
August 2016	4.7	4.5	5.7	4.9

Source: Workforce WV, U.S. Bureau of Labor Statistics

Taxes

Local Property Tax (2015 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5055	1.0110	2.0220
Morgantown	.6305	1.2610	2.5220

Source: West Virginia Auditor

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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 Morgantown, Westover, and Star City. 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.

State Sales Tax:
6 percent.

Local Income Tax:
There is no local or county income tax.

State Income Tax: 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.

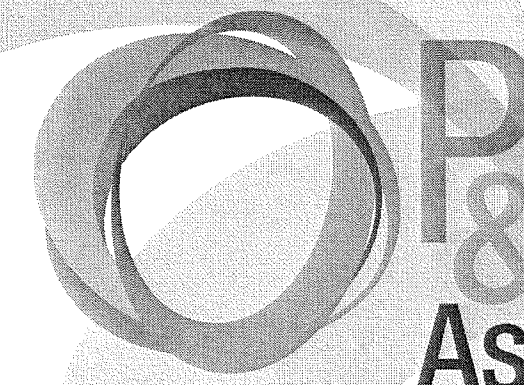
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APPENDIX B

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



MORGANTOWN UTILITY BOARD

(A Component Unit of the City of Morgantown)

Monongalia County

For the Years Ended June 30, 2016 and 2015

RFP # 16-224

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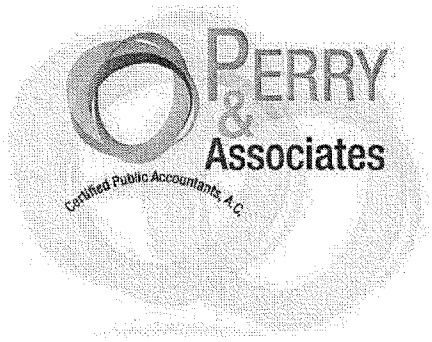
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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
Monongalia County

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1907 Grand Central Ave.
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104 South Sugar St.
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INDEPENDENT AUDITOR'S REPORT

October 31, 2016

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the 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 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 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 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 audit opinion.

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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 the Morgantown Utility Board, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years 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,* the *Schedule of Proportionate Share of Net Pension Liability* and the *Schedule of Contributions* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Statements of Revenues, Expenses and Changes in Net Position for the Water Department, Sewer Department, Cheat Sewer Department and Storm Water Department present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of the 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 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

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
For the Years Ending June 30, 2016 and 2015
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Morgantown Utility Board offers the following overview and analysis of the basic financial statements for the fiscal year ended June 30, 2016. Management encourages readers to utilize information in the Management Discussion and Analysis in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- MUB operating revenues remained stable, increasing only slightly from the prior year. While we continue to experience growth, the unusually wet spring and early summer months of 2015 negatively impacted sales. Normal operating expenses increased at the expected rate of approximately 5.5% over prior year. In addition to the normal expenses, MUB expensed nearly $.5 million on tank painting projects throughout the system.

- MUB has committed to fund from its investment portfolio the engineering design costs of the upcoming upgrade of the Star City waste water treatment plant. The market value of the portfolio decreased by $2.14 million over the past fiscal year due mostly to withdrawals. The portfolio will be replenished with the proceeds from a future bond issue.

- MUB also partially funded preliminary studies and design on an upcoming project to build a reservoir as a secondary water source. Approximately $1.2 million was capitalized from unspent bond proceeds from the 2010 issue.

- On June 10, 2015, MUB issued 2015E combined utility system revenue bonds in the amount of $662,300 and an IJDC Grant in the amount of $818,636 for the construction of the Sunshine Estates sewer project. As of June 30, 2016, draws totally $1,060,700 were received.

- MUB's net property plant and equipment increased by over $2 million in 2016. Additions to utility plant in service were $5.7.million. Retirements from utility plant in service totaled $141,000. Construction work in progress was $14.5 million at June 30, 2016.

- Depreciation expense was $8.7 million, an increase of $293K from 2015.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
For the Years Ending June 30, 2016 and 2015
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements provide information about the activities of MUB as a whole. The Statement of Net Position and the Statement of Activities provide information about the activities of the Board as a whole and present a long-term view of the Board's finances.

Reporting Morgantown Utility Board as a Whole

The Morgantown Utility Board operates all activities as propriety funds, same as a private business. MUB's basic financial statements include four components:

The Statement of Net Position presents information on MUB's assets and liabilities with the difference between the two reported as Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how MUB's net position changed during the two most recent fiscal years. Results of operations are reported as underlying events occur, regardless of the timing of the cash flows. Revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, (For example: billed but uncollected revenues, and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital financing, and investing activities.

The Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the financial statements.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
For the Years Ending June 30, 2016 and 2015
(Unaudited)

FINANCIAL ANALYSIS

Changes in Net Position

Net Position

MUB's combined net position increased by $178,155 over the previous year to $107,081,545. Of this total $112,610,918 was invested in capital assets net of related debt, $3,556,196 restricted for debt service, and $(9,085,569) unrestricted.

Schedule of Net Position

	2016	2015	2014
Assets			
Current Assets	$ 6,502,927	$ 6,626,268	$ 6,296,371
Noncurrent Assets	9,511,830	13,391,138	15,032,686
Capital Assets, net	204,917,186	202,902,254	187,624,724
Total Assets	$ 220,931,943	$ 222,919,660	$ 208,953,781
Deferred Outflows of Resources	2,380,970	555,799	-
Total Assets and Deferred Outflows of Resources	**$ 223,312,913**	**$ 223,475,459**	**$ 208,953,781**
Liabilities			
Current Liabilities	$ 6,924,109	$ 6,166,025	$ 5,715,846
Noncurrent Liabilities	108,896,738	109,914,737	103,601,264
Total Liabilities	115,820,847	116,080,762	109,317,110
Deferred Outflows of Resources	410,521	491,307	-
Total Liabilities and Deferred Inflows of Resources	**$ 116,231,368**	**$ 116,572,069**	**$ 109,317,110**
Net Position			
Net Investment in Capital Assets	112,610,918	109,167,100	98,082,971
Restricted for Debt Service	3,556,196	3,595,055	3,207,396
Unrestricted	(9,085,569)	(5,858,765)	(1,653,696)
Total Net Position	**$ 107,081,545**	**$ 106,903,390**	**$ 99,636,671**

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
For the Years Ending June 30, 2016 and 2015
(Unaudited)

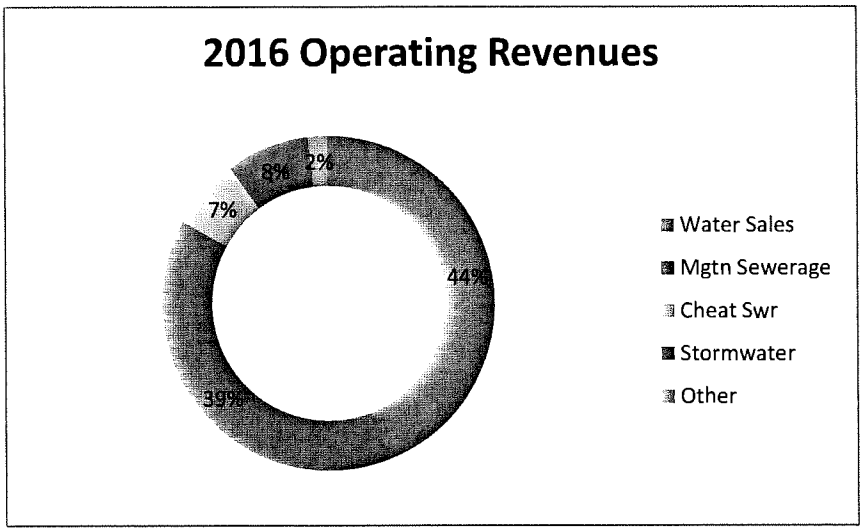
Schedule of Revenues, Expenses, and Changes in Net Position

	2016	2015	2014
Operating Revenues:			
Water Sales	$ 10,255,155	$ 10,416,169	$ 10,470,750
Sewer Sales	10,784,194	10,578,866	9,696,839
Storm Water Sales	1,896,211	1,847,052	1,810,694
Misc / Other	445,763	470,265	488,258
Total Operating Revenues	23,381,323	23,312,352	22,466,541
Operating Expenses:			
Operations	12,693,075	11,061,400	10,670,943
Maintenance	2,830,053	2,707,114	2,667,714
Depreciation	8,692,352	8,398,878	8,050,420
Total Operating Expenses	24,215,480	22,167,392	21,389,077
Operating Income	(834,157)	1,144,960	1,077,464
Net Nonoperating Income (Expense)	(2,125,110)	(3,322,814)	(2,169,211)
Income(Loss) Before Contributions	(2,959,267)	(2,177,854)	(1,091,747)
Contributed Capital	3,137,422	9,444,573	5,204,999
Change in Net Position	178,155	7,266,719	4,113,252
Net Position Beginning of Year	106,903,390	99,636,671	100,925,868
Effect of Implementation of GASB 68	-	-	(5,402,449)
Net Position End of Year	**$ 107,081,545**	**$ 106,903,390**	**$ 99,636,671**

Operating revenues of $23,381,323 increased by $68,971 from the prior fiscal year. Service revenues are the primary revenue source accounting for 98% of operating revenues.

Income from investments was $155,149, a 19% decrease from 2015. Income from the investment portfolio is used to subsidize both operations and maintenance as well as system capital improvements. At June 30, 2016 the market value of the portfolio was $4.8 million. Market exceeded cost by $241,400.

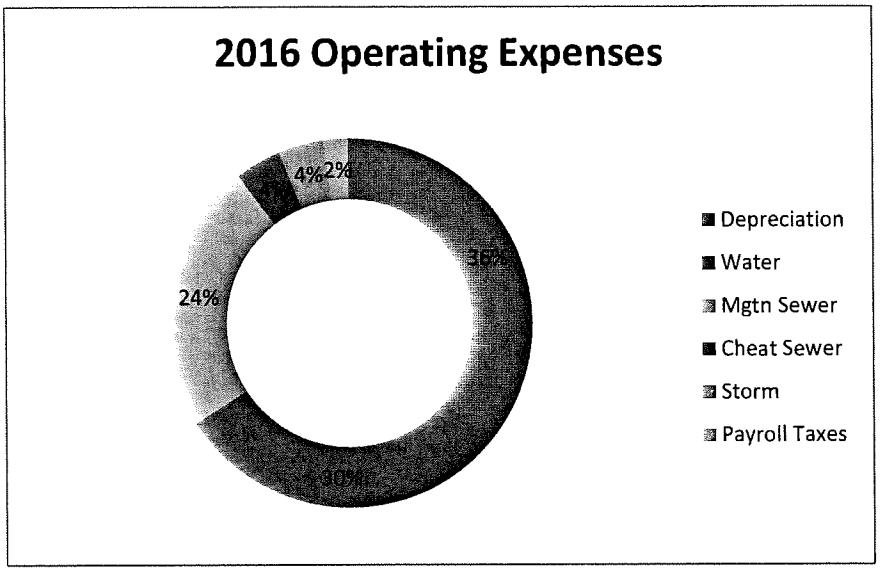
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Operating expenses in 2016, net of depreciation, increased by $1.7 million or 13% over 2015. Over one third of this increase ($478,000) is attributed to water tank painting projects. Other notable increases are attributed to funding employee benefits ($673,000) such as health insurance, workers compensation, and retirement, an increase in power used for cost of treatment and pumping ($228,000), and increase in watershed protection ($72,000), MUB total salaries in 2016 increased $340,000 or 4.8% above 2015 salaries.

From year to year, we will see shifts in operation and maintenance costs between water, sewer and stormwater, depending upon concentration of efforts. In 2016, we saw an increase in sanitary sewer and storm collecting costs of $115,000 and an increase in water transmission and distribution cost of $103,000. Capitalized labor was $980,000 in 2016 as compared to $960,000 in 2015, an increase of $20,000.

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Budgetary Highlights

The Morgantown Utility Board Members approve each year the Utility's budget. Over the course of the year, significant deviations from budget are noted and reported on a monthly basis to Board Members.

In 2016, MUB budgeted revenues were $24.7 million actual revenues were $24.6 million - .5% under budget. Budgeted expenses, excluding depreciation, were $15.2 million. Actual expenses were $15.3 million – .8% over budget.

A total of $10.5 million was spent on capital improvements.

Capital Asset and Debt Administration

Capital Assets

At the end of 2016, MUB had $320 million invested in capital assets ($205 million net of accumulated depreciation), including treatment facilities; buildings; equipment; and water, sewer, and storm lines. Major additions during the fiscal year included:

$2,012,508 – Waste Water Treatment Plant Upgrade – Design Cost. MUB is planning a major upgrade to the Star City Wastewater Treatment Plant (WWTP). The upgrade includes the decommissioning of the existing rotating biological contactor treatment process, and the addition of a membrane filtration treatment process. The existing activated sludge treatment process will remain. The upgrade will increase the 30-day average capacity of the WWTP to 20.78 million gallons per day. Other upgrades at the WWTP include; a new headworks building, a new concrete silo digester, renovations and additions to the existing control building, ultra-violet disinfection, and various other plant and site improvements.

$1,179,596 – Sunshine Estates – This extension has been constructed to eliminate the failing treatment plant privately owned by the Sunshine Estates Homeowners Assoc. The project included the installation of +/- 1,750' of 8-inch PVC gravity sanitary sewer, +/- 5,650' of 4-inch PVC force main, 1- new lift station, replace 3- existing lift stations, and replace +/- 1,200' of 8-inch gravity main.

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Capital Asset and Debt Administration (continued)

$902,418 – Cobun Creek Reservoir #2 – Design Cost. MUB is planning to construct a new raw water reservoir as a secondary source water for the purpose of providing +/- 33 days of raw water storage in the event that the Monongalia River is unavailable for use. The construction will consist of an earthen and concrete impoundment with a storage capacity of 370 million gallons.

$743,840 – Vehicle and Equipment Purchases

$550,839 – Installation of new and replacement water services.

$548,219 – WV DOH Martin Hollow – This relocation was requested by the WV Dept. of Highways to facilitate the construction of a new interchange along Interstate 79. As part of this relocation, approximately 2,250 feet of 12" ductile iron water line was used to replace and upgrade the existing 6" pvc water line in Martin Hollow Road.

$480,872 – annual refunds of construction deposits to developers on main line extensions projects for customers accepting service from extensions.

$426,069 – Source Water Protection Plan -This multi-faceted program will minimize the potential for a source water contamination; and to prepare a contingency plan for the response and communication to the affected parties, in the event that a contamination would occur.

$299,431 – This project was a coordinated effort with the WV Dept. of Highways to increase the drainage capacity of the storm sewer lines from Killarney Drive to WV Rt. 705. Construction of approximately 600 feet of 42" pipe, 60 feet of 15" pipe, 5 type "B" inlets, and 4 manholes was necessary for the completion of this project.

$264,187 – Installation of new and replacement sewer services.

$184,033 – Sanitary sewer relocation for the WV Dept. of Highways to facilitate the construction of the realignment of the Easton Mill intersection.

$153,838 – Computer hardware and software purchases and upgrades.

$105,764 – Forest Drive – Sewer Restoration +/-1,314 linear feet of 12-inch PVC SDR35 Sanitary Sewer Pipe, 7 Precast Concrete Manholes, Reconnection of 17 Sanitary Sewer Service Laterals, +/-56 linear feet of 48-inch High Density Polyethylene Pipe, +/-20 linear feet of 24-inch PVC SDR35 Storm Sewer Pipe, 2 Type "G" Precast Concrete Inlets, +/-1,330 linear of Stream Restoration, and related appurtenances.

Long-term Debt

Bond proceeds are to fund several ongoing major capital improvement projects, many of which are included in the Capital Asset section above.

The 1995 bond issue matured on December 1, 2015.

The 2001A bond issue matured on December 1, 2015.

On June 11, 2015 MUB issued 2015E Bonds, West Virginia DWTRF Program, principal amount $662,300. As of June 30, 2016 the full proceeds had been drawn.

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Capital Asset and Debt Administration (continued)

The 2014B issue had remaining proceeds of $5,447 on June 30, 2016. Remaining proceeds on all other outstanding issues were spent on capital improvements during 2016.

MUB had over $3.5 million on deposit with the WV Municipal Bond Commission as of June 30, 2016.

During the fiscal year MUB retired $3.9 million of existing debt. New debt consisted of draws on the 2015E issue of $636,800. At June 30, 2016, MUB had $92.3 million revenue and refunding bonds outstanding. More information regarding terms can be found in Note 6 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Throughout the 2015-2016 fiscal year, the Morgantown Utility Board (MUB) continued its routine capital improvement program (CIP). Routine CIP expenditures, not including projects funded with municipal bonds, still average nearly $4 million annually. This evidences a strong commitment to system renewal and replacement.

A 33% water rate increase was approved Feb 2, 2016 and went into effect on July 1, 2016. The primary purpose of the increase is to fund improvements to the raw water storage facilities of the drinking water system. Construction of the improvements is set to begin in February of 2017. By implementing this increase prior to the start of construction, MUB will be able to use accumulated revenues to make a $1 million equity contribution to the project funding, and will avoid capitalized interest charges during the construction period. This increase will also provide additional funds for operation and maintenance, looking forward for three years.

An 87.5% sewer rate increase was approved Feb 2, 2016 and went into effect on July 1, 2016. The primary purpose of the increase is to fund improvements to the wastewater treatment facilities of the sewer system. Construction of the improvements is set to begin in December of 2016. By implementing this increase prior to the start of construction, MUB will be able to use accumulated revenues to make a $2.2 million equity contribution to the project funding, and will avoid capitalized interest charges during the construction period. This increase will also provide additional funds for operation and maintenance, looking forward for three years.

Most of MUB's residential customers will remain billed on a bi-monthly basis. But the recent rate increases were accompanied by new monthly payment options in order to help make those combined bills more affordable.

Sanitary sewer rates in the Cheat Lake area were not included in the above described increases. The Cheat Lake system is a physically separate system, apart from that of the larger Morgantown system, and is managed and charged based on its own cost of service. The Cheat lake sewer rates were last increased (by 24%) in July 2014. That increase successfully addressed revenue shortfalls in the Cheat Lake service area.

Stormwater rates were last increased (by 10%) in 2012 to support a $2.6 million stormwater project in the Sabraton area of Morgantown. An additional $500,000 was borrowed in 2014 to fund a stormwater project in the Forest Drive area, but debt service for that loan is paid via a special surcharge that applies only to the customers of that area, leaving base rates to all other customers unaffected. Stormwater revenues and expenditures remain steady and in balance.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Similar debt service surcharges have been used to fund other recent water and sewer projects. Such surcharges ease the cash flow burden for new customer groups, who would otherwise be unable to afford the cost of main line extensions to serve their area. Such extensions are done at the customers' expense under PSC Rule 5.5. But, by borrowing the funds on behalf of the customers, and recovering the debt service via the surcharge, MUB creates a mechanism that allows new customers to spread their cost to a more affordable form, while leaving base rates to all other customers unaffected. MUB is currently planning a new water extension to the Rockley Road area that will utilize the surcharge approach.

MUB continues to complete routine water/sewer line extensions for new apartments and housing units. The pace of new construction for system additions remains strong in the current fiscal year, reflecting recovery from the slowdown of the national economy. Many new system additions have been to serve higher density apartment complexes aimed at the University student market, and involved upgrades of existing capacity consistent with urban redevelopment. Initial indicators show continued growth in general in the coming year.

There were no new acquisitions of water or sewer systems in the recent year. However, MUB remains attentive to conditions and circumstances of neighboring systems and for opportunities to expand through favorable system acquisitions.

A significant change in PSC regulations has simplified current and future MUB projects and rate increases. SB 234 was enacted by the WV Legislature and became effective June 12, 2015. It partially deregulated certain aspects of regulations applicable to MUB. Rate making is no longer subject to PSC review, except in certain unlikely cases. Morgantown City Council (which has always enacted MUB rates through the City ordinance process) is now the final reviewing authority for any proposed change in rates. Approval of the scope of proposed improvement projects is also now limited to City Council, as SB 234 exempts MUB from having to obtain a PSC Certificate of Convenience and Necessity.

MUB submitted its Long Term Control Plan (LTCP) to West Virginia Department of Environmental Protection (DEP) in December 2011. An update to the LTCP was submitted in December 2014. This document provided information on how MUB will minimize and better manage its Combined Sewer Overflows (CSO's). It provided guidance for Wastewater Treatment Plant (WWTP) upgrades and collection/transmission system improvements to meet the regulatory requirements of the DEP and EPA. The document also provided guidance for capital project budgeting of the sewer system for the next twenty (20) years.

The 2014 LTCP predicted approximately $70 million of sewer system improvements to be constructed as Group 1 of the plan to be completed by 2020. The LTCP includes other groups/phases over the next 15-20 years, subject to future prevailing conditions, including regulatory requirements, affordability, and available funding. We continue to await approval of the LTCP by DEP; and are currently engaged in an exchange of comments with DEP toward that goal.

In order to stay on schedule for the earliest possible construction, we began detailed design engineering for Phase 1 of the proposed LTCP projects in mid calendar year 2014. Bids were received in September 2016, and the cost of the Phase 1 projects is now $103 million, reflecting an increase in project scope to provide other necessary updates to the Wastewater Treatment Plant (WWTP) and the sanitary sewer system. The increased sewer rates that were implemented in July 2016 will fund the debt service for this work. Bonds will be issued in November 2016, with construction beginning one month later.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Bids for the proposed water system improvements, to be funded by the July 2016 water rate increase, will be received in mid-November 2016. That project is estimated to cost $40 million. Bonds are scheduled to be issued in January 2017, with construction beginning one month later.

In addition to the above, MUB continues to focus on ongoing renewal and/or replacement of aging, or otherwise inadequate facilities. In the water system, priority is given to lines that have been identified through a problematic leak history, or by having required excessive maintenance due to the age of the pipe. In our sanitary and storm sewer systems, priority is given to lines that have been identified through a problematic history of backups or other similar flow related failures, or by having required excessive maintenance due to the age of the pipe. Our annual budget for capital improvements are centered on these replacement projects, as particular portions of the piping networks are recognized to have reached the end of their useful lives.

MUB continues to see increasing costs for operation and maintenance of the water, wastewater and stormwater systems. This results from increasing efforts to improve system operations through maintenance activities such as hydrant flushing, mainline cleaning, tank painting, etc.

Operating costs in water operations will remain elevated compared to historic levels. Even though MUB was physically unaffected by the January 2014 Freedom Industries chemical leak in Charleston WV, new higher standards for source water protection resulting from subsequent legislation have added significantly to this cost category.

MUB will continue to be guided by existing and future regulatory mandates that define increasingly stringent quality standards for its water, wastewater and stormwater operations.

CONTACTING MUB'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of MUB's finances and to demonstrate MUB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Morgantown Utility Board, Controller's Office, 278 Greenbag Road, Morgantown, West Virginia.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 716,066	$ 1,400,820
Accounts Receivable Net	1,689,166	1,581,769
Other Accounts Receivable	704,896	415,539
Interest and Dividend Receivable	20,109	27,298
Materials at Average Cost	1,455,256	1,199,423
Deposits and Prepayments	758,929	806,695
Accrued Utility Revenue	1,158,505	1,194,724
Total Current Assets	6,502,927	6,626,268
Capital Assets:		
Construction Work In Progress	14,462,057	9,742,556
Land	1,658,519	1,658,519
Intangible Plant	376,834	376,834
Buildings & Structures	27,506,097	27,448,809
Water Transmission & Distribution System	72,348,328	68,759,168
Sewer & Storm Collection System	116,821,495	115,701,801
Treatment Plant Equipment	73,343,819	73,189,576
Office Furniture & Equipment and Computer System	4,882,479	4,704,019
Vehicles & Heavy Duty Equipment	8,375,264	7,940,792
Total Capital Assets	319,774,892	309,522,074
Less: Accumulated Depreciation	(114,857,706)	(106,619,820)
Total Net Capital Assets	204,917,186	202,902,254
Restricted Assets:		
Sinking Fund Investments	3,556,196	3,595,055
Bond Construction Accounts	5,515	1,891,156
Total Restricted Assets	3,561,711	5,486,211
Noncurrent Assets:		
Investments	5,419,547	7,352,923
Deferred Financing Costs	530,572	552,004
Total Noncurrent Assets	5,950,119	7,904,927
TOTAL ASSETS	220,931,943	222,919,660
Deferred Outflows of Resources:		
Difference Between Expected and Actual Experience	175,209	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,205,761	555,799
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 223,312,913**	**$ 223,475,459**

(Continued)

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

(Continued)

	2016	2015
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$ 1,951,013	$ 1,115,578
Accrued Payroll	774,954	645,965
Billing Services Payable	278,016	285,370
Current Portion of Long-Term Debt	3,804,835	3,946,333
Unearned Revenue	868	843
Other Accrued Liabilities	114,423	171,936
Total Current Liabilities	6,924,109	6,166,025
Noncurrent Liabilities:		
Liabilities from Restricted Assets:		
Customer deposits	641,738	657,026
Accrued Administrative Costs on Bonds	8,704	8,608
Accrued Interest on Bonds	280,152	289,792
Interest on Customer Deposits	6,110	6,118
Total Liabilities from Restricted Assets	936,704	961,544
Advances on Construction	11,973,715	12,037,911
Long-term Bonds and Notes Payable	88,506,948	91,679,977
Net Pension Liability	7,479,371	5,235,305
Total Noncurrent Liabilities	108,896,738	109,914,737
TOTAL LIABILITIES	115,820,847	116,080,762
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	410,521	491,307
Net Position:		
Net Investment in Capital Assets	112,610,918	109,167,100
Restricted Net Position	3,556,196	3,595,055
Unrestricted Net Position (Deficit)	(9,085,569)	(5,858,765)
Total Net Postion	107,081,545	106,903,390
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 223,312,913**	**$ 223,475,459**

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Water Sales Revenue	$ 10,255,155	$ 10,416,169
Sewerage Service Revenue	10,784,194	10,578,866
Stormwater Service Revenue	1,896,211	1,847,052
Billing Services Revenue	100,470	112,486
Forfeited Discounts	269,696	284,061
Rents from Water Property	22,284	22,888
Service Connection fees - Water	20,345	19,975
Other Operating Revenues	32,968	30,855
Total Operating Revenues	23,381,323	23,312,352
WATER OPERATING EXPENSES:		
Source of Supply	128,667	40,713
Pumping	367,986	303,494
Water Treatment	4,951,040	4,862,668
Transmission and Distribution	3,465,328	2,878,617
Customer Accounts	310,733	286,376
Administrative and General	2,788,811	2,404,360
Total Water Operating Expenses	12,012,565	10,776,228
SEWER OPERATING EXPENSES:		
Collecting	3,136,154	2,836,179
Pumping	1,160,933	1,063,668
Treatment and Disposal	2,563,410	2,629,337
Billing and Collecting	377,047	351,268
Administrative and General	3,426,112	3,132,415
Total Sewer Operating Expenses	10,663,656	10,012,867
STORMWATER UTILITY OPERATING EXPENSES:		
Collecting	1,019,819	919,798
Billing and Collecting	91,620	81,894
Administrative and General	427,820	376,605
Total Stormwater Operating Expenses	1,539,259	1,378,297
Total Operating Expenses	24,215,480	22,167,392
Operating Income/(Loss)	(834,157)	1,144,960
NONOPERATING REVENUES (EXPENSES)		
Investment Income	155,149	190,466
Interest on Financing	(3,126,748)	(3,194,711)
Other	846,489	(318,569)
Total Non-Operating Revenues(Expenses)	(2,125,110)	(3,322,814)
Net Income/(Loss) Before Contributed Capital	(2,959,267)	(2,177,854)
Contributed Capital	3,137,422	9,444,573
Change in Net Position	178,155	7,266,719
Total Net Position-Beginning	106,903,390	99,636,671
Total Net Position-Ending	$ 107,081,545	$ 106,903,390

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities:		
Cash Received from Sales and Tap Fees	$ 22,595,370	$ 22,640,170
Cash Received from Rental Fees	22,284	22,888
Cash Received from Reimbursement and Miscellaneous Income	403,159	379,094
Cash Payments to Suppliers for Goods and Services	(9,023,351)	(8,389,546)
Cash Payments to Employees for Services	(4,767,901)	(4,409,056)
Net Cash Provided by (Used by) Operations	9,229,561	10,243,550
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(7,401,774)	(16,560,303)
Proceeds from New Issuance	636,800	8,549,556
Principal Paid on Long-Term Debt	(3,951,326)	(4,022,314)
Interest Paid	(3,136,388)	(3,207,761)
(Increase) Decrease in Sinking Fund	38,859	(387,659)
(Increase) Decrease in Bond Construction Account	1,885,641	(348,287)
Advances on Construction	(64,196)	2,099,497
(Increase) Decrease in Deferred Financing Net of Amortization	21,432	1,577,162
(Increase) Decrease in Accrued Administrative Cost on Bonds	96	1,799
Customer Deposits Including Interest	(15,296)	(12,151)
Other Nonoperating Income	846,489	(318,569)
Change in Other Assets Net	-	18,012
Net Cash Provided by (Used by) Capital and Related Financing Activities	(11,139,663)	(12,611,018)
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	1,846,490	2,036,870
Purchase of Investments	(783,481)	(481,343)
Interest Received	162,339	194,757
Net Cash Provided by (Used by) Investing Activities	1,225,348	1,750,284
Net Increase/(Decrease) in Cash and Cash Equivalents	(684,754)	(617,184)
Cash and Cash Equivalents - July 1	1,400,820	2,018,004
Cash and Cash Equivalents - June 30	**$ 716,066**	**$ 1,400,820**
Cash Flows from Operating Activities:		
Operating Income/(Loss)	$ (834,157)	$ 1,144,960
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	8,738,101	9,320,409
(Increase) Decrease in Accounts Receivable	(396,754)	(140,386)
(Increase) Decrease in Materials	(255,833)	(13,378)
(Increase) Decrease in Deposits and Prepayments	704,296	(59,571)
(Increase) Decrease in Accrued Utility Revenue	36,218	(81,506)
(Increase) Decrease in Deferred Outflows	(1,825,171)	(555,799)
Increase (Decrease) in Accounts Payable	835,434	286,935
Increase (Decrease) in Accrued Payroll	128,989	84,838
Increase (Decrease) in Billing Services Payable	(7,354)	2,022
Increase (Decrease) in Deferred Revenue	25	(48,308)
Increase (Decrease) in Other Current Accrued Liabilities	(57,513)	(20,829)
Increase (Decrease) in Deferred Inflows	(80,786)	491,307
Increase (Decrease) in Pension Liability	2,244,066	(167,144)
Total Adjustments	10,063,718	9,098,590
Net Cash Provided by (Used by) Operating Activities	**$ 9,229,561**	**$ 10,243,550**

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity – The Morgantown Utility Board (the Board) is a Class A Water, Sewer and Storm-water Utility as defined by the West Virginia Public Service Commission. The Board manages and operates the City of Morgantown, West Virginia, water, sewer and storm-water utilities as enterprise funds under an ordinance dated September 1, 1987. These utilities serve the City and other surrounding areas and the Board also provides billing and collecting services for other adjacent utilities. It also provides jobbing and contracting services for plant repairs to these adjoining utilities.

The Board complies with *Governmental Accounting Standards Board Statement No. 14*, "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." These statements establish standards for defining and reporting on the financial reporting entity. They define 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 these criteria, the Board is a component unit of the City of Morgantown therefore these financial statements will be included in the City's financial statements as a component unit.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Basis of Presentation – Accounts of the Board are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type 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.

The accompanying financial statements are presented on a combined basis because the water, sewer and storm-water utilities are under the control of the Board.

Basis of Accounting and Measurement Focus – These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. 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 assets (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 assets.

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.

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 Water, Sewer and Waste-Water funds are charges for water and sewer service.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (continued)

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use unrestricted resources first, and then restricted resources as they are needed.

Cash and Cash Equivalents – The Board, for the purposes of the Statement of Cash Flows, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund type are pooled by the Board.

Certain funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Investments – The Board is allowed to invest excess funds in the following securities as governed by the West Virginia Code.

1. Any direct obligation of, or obligation guaranteed as to payment of both principal and interest by, the United States of America;
2. Any evidence of indebtedness issued by any United States government agency guaranteed as to payment of both principal and interest, directly or indirectly, by the United States of America;
3. Any evidence of indebtedness issued by the Federal National Mortgage Association to the extent such indebtedness is guaranteed by the Government National Mortgage Association;
4. Any evidence of indebtedness that is secured by first lien deed of trust or mortgage upon real property situate within West Virginia, if payment is substantially insured or guaranteed by the United States of America;
5. Direct and general obligations of the state of West Virginia;
6. Any undivided interest in a trust, the corpus of which is restricted to mortgages on real property and, unless all of the property is within West Virginia and insured, the trust is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
7. Any bond, note debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided that the security is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: however, if any commercial paper or any security will mature within one year from the date of issuance, it must be rated in one of the two highest rating grades by a nationally known agency;
8. Negotiable certificates of deposits issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
9. Interest earning deposits including certificates of deposit, with any designated West Virginia depository, which deposits are fully secured by a collaterally secured bond, and;
10. Mutual funds registered with the Securities and Exchange Commission which have assets in excess of three hundred million dollars.

Investments are reported at fair value. The net increase in the cost-basis of investments consists of the realized gains and losses and the unrealized increase or decrease in the cost-basis of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the cost-basis of investments reported in the prior year(s) and the current year.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium. Dividend income is recognized on the paying company's announced ex-dividend date.

Accounts Receivable – Accounts receivable are shown at their net realizable value. The balance is presented net of an allowance for doubtful accounts. The provision for losses on trade accounts receivable is charged to operations in an amount sufficient to maintain the allowance for losses at a level considered adequate to cover estimated credit losses. The Board's charge-off policy is based on an account-by-account review. The Board did a full review of trade accounts receivables and set a monthly allowance for bad debt charges. Generally, accounts are considered delinquent when they are 30 days contractually past due.

Supplies Inventory – The supplies inventory is valued on average cost basis.

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the period in which services are consumed.

Capital Assets – The Board depreciates all long-term assets on a straight-line basis. The Board takes half a year's allowance in the year the asset is placed in service and a full year's allowance in the subsequent years with half a year's allowance in the final year of depreciation. At the time of retirement of depreciable utility plant in service, the amount is charged with the book cost of the property retired and cost of removal, and is credited with any amounts recovered. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life in Years
Buildings and Structures	30
Water Transmission and Distribution Lines	50-100
Sewer and Storm Drain Collection System	50
Treatment Plants Equipment	10-30
Office Furniture and Computers	5-10
Vehicles and Heavy Duty Equipment	8-10

Compensated Absences – The Board provides compensated absences for its employees in the form of vacation and sick leave. Vacation leave does not carry over from calendar year to calendar year.

Contributions in Aid of Construction – All period contributions were from transfers from advances for construction, deposits for construction other than extensions, and grant monies from non-federal sources.

Equity Classification – Equity is classified as net position and displayed in three components:

1. Net Investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement or those assets.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

2. Restricted net position - consists of the net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investments in capital assets".

Restricted Assets – Restricted assets should be reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restricted assets represent certain resources segregated from other resources of the Board to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the Board or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purpose. The Board's restricted assets consist of bond sinking fund and the bond construction accounts.

Use of Estimates – In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budget and Budgetary Accounting – The Board is not required by law to prepare an annual budget. As such, none is presented in these financial statements.

Changes in Accounting Principles – The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

The Board also adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Board's Employees' Retirement and Benefit Fund and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Employees' Retirement and Benefit Fund. 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.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the Board's cash deposits was $716,066 at June 30, 2016. The bank balance at June 30, 2016 was $1,192,415 which was fully covered by Federal Deposit Insurance Coverage or collateralized with securities held by the pledging institution's trust department.

Total cash and investments at June 30, 2016 consisted of the following:

	Cost	Fair Value
Cash Deposits		
Demand Deposits	$ 716,066	$ 716,066
Cash and Investments with Fiscal Agents		
Cash	1,054,552	1,054,552
Investment Agreements		
Fixed Income	3,032,423	3,035,211
Equities	1,091,218	1,329,852
Cash - Restricted	3,561,643	3,561,643
Total Cash and Investments	$ 9,455,902	$ 9,697,324

Note that the Board held $1,610 in petty cash at June 30, 2016.

Interest Rate Risk - The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits of maturities on individual investments.

Credit Risk - The Board has a deposit policy for custodial credit risk beyond the requirements of the State Statue. West Virginia law requires that deposits be insured or be protected by eligible securities pledged to and deposited either with the Board or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Quality Rating	Fair Value	Percent
AA+	$ 1,226,293	40.4%
AA	108,156	3.6%
AA-	217,415	7.1%
A+	163,374	5.4%
A	309,608	10.2%
Not Rated	1,010,365	33.3%
Total	$ 3,035,211	100.0%

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk - The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits on the amount that may be invest in any one financial institution.

Fair Value Measurements

The fair value hierarchy defines three levels of input, as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining the fair value, the Board utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets and liabilities are carried at fair value at June 30, 2016, and are classified as Level 1, Level 2 and Level 3 as follows:

Assets Carried at Fair Market Value:	Level 1	Level 2	Level 3
Fixed Income	$3,035,211	$-	$-
Equities	1,329,852	-	-
Total	$4,365,063	$-	$-

NOTE 3 LEASING ARRANGEMENTS

The Board leases certain real estate in Morgantown to a limestone company. This operating lease specifies that the Board will receive $0.16 per ton up to 125,000 tons and $0.10 per ton thereafter, with an annual minimum rental of $5,000. The lease is for a 20 year period, and requires the lessee to maintain adequate insurance for the leased property. Revenues reported from this lease were $8,713 and $9,954 in 2016 and 2015, respectively.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows.

	Beginning Balance	Additions	Retirements & Transfers to Utility Plant	Ending Balance
CWIP	$ 9,742,556	$ 10,836,690	$ (6,117,189)	$ 14,462,057
Land	1,658,519	-	-	1,658,519
Intangible Plant	376,834	-	-	376,834
Buildings & Structures	27,448,809	68,625	(11,337)	27,506,097
Water Transmmission & Distribution System	68,759,168	3,625,051	(35,891)	72,348,328
Sewer & Storm Collection System	115,701,801	1,148,896	(29,202)	116,821,495
Treatment Plant Equipment	73,189,576	189,304	(35,062)	73,343,819
Office Furniture & Equipment and Computer System	4,704,019	207,580	(29,120)	4,882,479
Vehicles & Heavy Duty Equipment	7,940,792	434,471	-	8,375,264
Total Capital Assets	309,522,074	16,510,617	(6,257,801)	319,774,892
Less: Accumulated Depreciation	(106,619,820)	(8,692,352)	454,466	(114,857,706)
Total Net Capital Assets	$ 202,902,254	$ 7,818,265	$ (5,803,335)	$ 204,917,186
Depreciation Expense Charged to Operations		$ 8,692,352		

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 4 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements & Transfers to Utility Plant	Ending Balance
Capital Assets:				
CWIP	$ 9,111,984	$ 9,293,122	$ (8,662,550)	$ 9,742,556
Land	1,451,541	206,978	-	1,658,519
Intangible Plant	376,834	-	-	376,834
Buildings & Structures	26,943,342	524,167	(18,700)	27,448,809
Water Transmmission & Distribution System	66,106,002	2,732,553	(79,387)	68,759,168
Sewer & Storm Collection System	93,294,642	22,449,292	(42,133)	115,701,801
Treatment Plant Equipment	72,843,607	377,322	(31,354)	73,189,576
Office Furniture & Equipment and Computer System	4,572,799	156,607	(25,387)	4,704,019
Vehicles & Heavy Duty Equipment	7,618,861	344,280	(22,350)	7,940,792
Total Capital Assets	282,319,612	36,084,321	(8,881,861)	309,522,074
Less: Accumulated Depreciation	(94,694,888)	(12,204,435)	279,503	(106,619,820)
Total Net Capital Assets	$ 187,624,724	$ 23,879,886	$ (8,602,358)	$ 202,902,254
Depreciation Expense Charged to Operations		$ 8,398,878		

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN

Plan Description – The Board contributes to the City of Morgantown, WV (the "City") Employee's Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

Funding Policy – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2016 and 2015 rates were 13.95% and 15.54% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2016, 2015 and 2014 were $1,022,554, $1,077,497, and $882,191.

Deferred Compensation Plan – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee's salary or $18,000, for 2016, plus $6,000 catch-up for employees over fifty years of age. The Board provides no match for participant's contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Governing authority:	City Council Ordinance
Eligibility to participate:	All Board full-time permanent employees, except those covered by other plans

Determination of contribution requirements: Actuarially determined

Employer:	Contribute annually an amount sufficient to meet the normal cost of the fund and amortize the actuarial deficit over a period of 21 years.
Plan member:	6.00% of covered payroll
Period required to vest:	The latter of the date the participant attains age 60 and 10 years of service credit, or attains age 55 and age plus years of service credit total 85.
Post-retirement benefit:	Annual Cost of Living adjustment is the lesser of 3% or the annual consumer price index multiplied by 50%; provided that the municipality's contribution for the year is less than 6.0% of the participating payroll.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

At fiscal year-end, the 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, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The Board's proportion of the net pension liability was based on a calculation of Board employer contributions to total employer contributions to the Plan in fiscal year 2016. At June 30, 2016, the government's reported the following proportions:

	Pension Plan
Amount for proportionate share of net pension liability	$ 7,479,371
Percentage for proportionate share of net pension liability	58.57%

For the year ended June 30, 2016, the Board recognized the following pension expense:

	Pension Plan
Pension Expense	$ 1,248,715

The Board 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
Differences between expected and actual experience	$ 175,209	$ 410,521
Net difference between projected and actual earnings on pension plan investments	2,205,761	-
Totals	$ 2,380,970	$ 410,521

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	$ 526,234
2018	526,234
2019	526,234
2020	384,279
2021	(14,158)
Thereafter	21,626
Total	$ 1,970,449

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NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement. Actuarially determined contribution rates are calculated as of July 1, which is 24 months prior to the end of the fiscal year in which contributions will be made.

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.0% per year
Investment Rate of Return	7.0% per year, net of expenses, compounded annually
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of Service Credit.
Mortality	Pre-retirement mortality is assumed to follow 85% of the 1994 Group Annuity Mortality Table for Males and Females. Post-retirement is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females. Post-disablement mortality is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females set forward 4 years.

Information regarding plan investments can be found in a separately issued financial report available at the City of Morgantown's website at www.morgantownwv.gov.

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using the Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of net pension liability	$ 11,849,375	$ 7,479,371	$ 4,078,149

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the City of Morgantown's website at www.morgantownwv.gov.

NOTE 6 LONG-TERM DEBT

Following is a description of the long-term liabilities of the Board.

1995 Bonds Payable
The Board issued $1,601,477 in a combined water and sewer revenue bond on April 22, 1995. This bond matures quarterly starting March 1, 1996, until December 1, 2015. This bond bears an interest rate of 2% and a 1% administration fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. This bond matured December 1, 2015.

2000A Bonds Payable
The Board issued $7,842,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on March 1, 2026. The bonds bear no interest and were issued to the West Virginia Division of Environmental Protection. The bonds carry a 0.5% administrative fee per annum and are payable quarterly. Annualized payments of $323,384 are required.

2000B Bonds Payable
The Board issued $2,488,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on December 31, 2039. The bonds bear no interest and were issued to the West Virginia Infrastructure and Jobs Development Council. Annualized payments of $65,476 are required.

2001A Bonds Payable
The Board issued $3,812,470 in a combined waterworks and sewerage system revenue bonds on February 8, 2001, for the acquisition and construction of extensions, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds bear interest at a rate of 3% per annum and will be paid quarterly on March 1, June 1, September 1, and December 1 of each year. The bonds were issued to the West Virginia Development Authority and mature December 1, 2015. This bond matured December 1, 2015.

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NOTE 6 LONG-TERM DEBT (Continued)

2006A Bonds Payable
The Board issued bonds of $6,410,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2006, for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined waterworks and sewerage system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of $424,240 are required.

2007 Bonds Payable
The Board issued bonds of $8,500,000 in a combined utility system revenue bonds on June 30, 2007, for the acquisition and construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of $579,232 are required.

2010A Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010A (Direct Payment Build America Bonds), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount of $37,950,000. The bonds are 30 year and bear an annual interest rate of 5% - 6.375%. Interest is paid semi-annually on June 1 and December 1 and principal payments annually beginning December 1, 2019. Annualized payments of $2,280,000 are required.

2010C Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010C (West Virginia SRF Program) for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined utility system in the original aggregate principal amount of $15,380,277. The bonds bear a 2% interest rate and a 1% administrative fee paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $1,017,898 are required.

2010D Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010D (West Virginia DWTRF Program), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount $9,317,286. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $566,381 are required.

2010E Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010E (West Virginia DWTRF Program/ARRA) for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system, in the original aggregate principal amount of $100,000. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $6,079 are required.

2010F Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010F (Bank Qualified) in the original aggregate principal amount of $7,250,000, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system. The bonds bear interest rates of 1.5% to 3.2% with a 5.932 year term. Interest is paid semi-annually on June 1 and December 1 and principal payments annually on December 1. Annualized payments of $1,155,252 are required.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 6 LONG-TERM DEBT (Continued)

2012A Bonds Payable
The Board issued on August 24, 2012 $570,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds bear an interest rate of .5% and a .5% administrative fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2014 until March 1, 2044. Annualized payments of $21,945 plus annual payments of $2,047 until a reserve requirement of $20,472 is met.

2012C Bonds Payable
The Board issued on September 28, 2012 $2,325,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 2.25% - 4.25%. Interest is payable semi-annually on April 1 and October 1 beginning April 2013 and principal is paid annually on October 1 until October 2032. Annual payments of $163,920 are required.

2013A Bonds Payable
The Board issued on August 22, 2013 $4,605,260 combined utility system revenue bonds for the assumption and replacement of the Canyon Public Service District Series 2008A bonds. The bonds bear an interest rate of 0%. Principal is paid quarterly until June 2048.

2014B Bonds Payable
The Board issued on July 23, 2014 $505,421 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 3.16%. Principal and interest is paid monthly.

2015A Bonds Payable
The Board issued on March 31, 2015 $137,568 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991A bonds. The bonds bear an interest rate of 7.75%. Principal and interest is paid annually until October 2031.

2015B Bonds Payable
The Board issued on March 31, 2015 $4,586 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991B bonds. The bonds bear an interest rate of 0%. Principal is paid annually until October 2031.

2015C Bonds Payable
The Board issued on March 31, 2015 $8,111,813 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2003A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until September 2043.

2015D Bonds Payable
The Board issued on March 31, 2015 $1,688,394 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2009A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until December 2049.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 6 LONG-TERM DEBT (Continued)

2015E Bonds Payable
The Board issued on June 11, 2015 $662,300 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until June 2055.

Long-term debt bond activity for the year ended June 30, 2016 was as follows:

	Beginning	Payments	Proceeds	Ending	Current Portion
Morgantown 1995	48,313	(48,313)	-	-	-
Morgantown 2000 A	3,476,332	(323,380)	-	3,152,952	323,384
Morgantown 2000 B	1,604,074	(65,476)	-	1,538,598	65,476
Morgantown 2001 A	167,811	(167,811)	-	-	-
Morgantown 2006 A	4,450,906	(302,907)	-	4,147,999	309,012
Morgantown 2007 A	6,478,097	(408,527)	-	6,069,570	416,759
Morgantown 2010 A	37,950,000	-	-	37,950,000	-
Morgantown 2010 C	13,611,280	(667,696)	-	12,943,584	681,151
Morgantown 2010 D	8,245,666	(404,489)	-	7,841,177	412,639
Morgantown 2010 E	88,498	(4,341)	-	84,157	4,429
Morgantown 2010 F	4,280,000	(1,030,000)	-	3,250,000	1,050,000
Morgantown 2012A	547,915	(17,765)	-	530,150	17,855
Morgantown 2012C	2,145,000	(95,000)	-	2,050,000	95,000
Morgantown 2013A	4,342,100	(131,580)	-	4,210,520	131,580
Morgantown 2014B	490,456	(18,922)	-	471,534	19,529
Morgantown 2015A	104,584	(3,170)	-	101,414	3,415
Morgantown 2015B	1,999	(118)	-	1,881	118
Morgantown 2015C	6,030,471	(213,468)	-	5,817,003	213,468
Morgantown 2015D	1,522,854	(44,144)	-	1,478,710	44,144
Morgantown 2015E	25,500	(4,219)	636,800	658,081	16,876
Total	$ 95,611,856	$ (3,951,326)	$ 636,800	$ 92,297,330	$ 3,804,835

Changes in other long-term obligations during the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	$ 5,235,305	$ 2,244,066	$ -	$ 7,479,371	$ -
Note Payable	14,447	-	-	14,447	
Total	$ 5,249,752	$ 2,244,066	$ -	$ 7,493,818	$ -

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 7 LONG-TERM DEBT (Continued

Maturities of the Board's debt principal for the years subsequent to June 30, 2016 are as follows:

	2000A Issue Principal	2000B Issue Principal	2006A Issue Principal	2007 Issue Principal	2010A Issue Principal	2010C Issue Principal	2010D Issue Principal	2010E Issue Principal	2010F Issue Principal
2017	$ 323,384	$ 65,476	$ 309,012	$ 416,759	$ -	$ 681,151	$ 412,639	$ 4,429	$ 1,050,000
2018	323,384	65,474	315,238	425,157	-	694,877	420,954	4,518	1,085,000
2019	323,384	65,474	321,590	433,724	-	708,879	429,436	4,609	1,115,000
2020	323,384	65,472	328,070	442,463	1,150,000	723,162	438,089	4,702	-
2021	323,384	65,472	334,681	451,379	1,190,000	737,735	446,918	4,796	-
2022-2026	1,536,032	327,360	1,777,326	2,397,051	6,570,000	3,917,744	2,373,356	25,473	-
2027-2031	-	327,360	762,082	1,503,037	7,830,000	4,328,698	2,622,307	28,144	-
2032-2036	-	327,360	-	-	9,530,000	1,151,338	697,478	7,486	-
2037-2041	-	229,150	-	-	11,680,000	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
Total	$ 3,152,952	$ 1,538,598	$ 4,147,999	$ 6,069,570	$ 37,950,000	$ 12,943,584	$ 7,841,177	$ 84,157	$ 3,250,000

	2012A Issue Principal	2012C Issue Principal	2013 Issue Principal	2014 Issue Principal	2015A Issue Principal	2015B Issue Principal	2015C Issue Principal	2015D Issue Principal	2015E Issue Principal
2017	$ 17,855	$ 95,000	$ 131,580	$ 19,529	$ 3,415	$ 117	$ 213,468	$ 44,144	$ 16,876
2018	17,945	95,000	131,580	20,155	3,680	117	213,468	44,144	16,876
2019	18,034	100,000	131,580	20,802	3,965	117	213,468	44,144	16,876
2020	18,125	100,000	131,580	21,468	4,273	117	213,468	44,144	16,876
2021	18,215	105,000	131,580	22,157	4,604	117	213,468	44,144	16,876
2022-2026	92,457	575,000	657,900	121,906	28,956	588	1,067,340	220,700	84,380
2027-2031	94,794	675,000	657,900	142,743	42,057	590	1,067,340	220,700	84,380
2032-2036	97,192	305,000	657,900	102,774	10,464	118	1,067,340	220,700	84,372
2037-2041	99,653	-	657,900	-	-	-	1,067,340	220,700	84,360
2042-2046	55,880	-	657,888	-	-	-	480,303	220,700	84,360
2047-2051	-	-	263,132	-	-	-	-	154,490	84,360
2051-2055	-	-	-	-	-	-	-	-	67,489
Total	$ 530,150	$ 2,050,000	$ 4,210,520	$ 471,534	$ 101,414	$ 1,881	$ 5,817,003	$ 1,478,710	$ 658,081

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 7 LONG-TERM DEBT (Continued)

Estimated annual interest is as follows:

	2006A Issue Interest	2007 Issue Interest	2010A (Gross) * Issue Interest	2010C Issue Interest	2010D Issue Interest	2010E Issue Interest
2017	$ 80,652	$ 118,279	$ 2,278,885	$ 253,784	$ 153,742	$ 1,650
2018	74,425	109,881	2,278,885	240,059	145,427	1,561
2019	68,073	101,314	2,278,885	226,057	136,944	1,470
2020	61,593	92,574	2,250,135	211,772	128,291	1,377
2021	54,982	83,658	2,191,635	197,200	119,463	1,282
2022-2026	170,992	278,136	9,985,398	756,933	458,546	4,921
2027-2031	17,246	47,955	7,987,331	345,979	209,563	2,249
2032-2036	-	-	5,290,153	17,328	10,497	113
2037-2041	-	-	1,922,063	-	-	-
2042-2046	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-
Total	$ 527,963	$ 831,797	$ 36,463,370	$ 2,249,112	$ 1,362,473	$ 14,623

* Interest shown gross rather than net of the interest credit since future credit rate is questionable.

	2010F Issue Interest	2012A Issue Interest	2012C Issue Interest	2014 Issue Interest	2015A Issue Interest
2017	$ 85,065	$ 2,617	$ 67,063	$ 14,619	$ 7,860
2018	52,498	2,528	65,163	13,994	7,595
2019	17,840	2,438	62,963	13,347	7,310
2020	-	2,348	60,463	12,680	7,002
2021	-	2,257	57,638	11,992	6,671
2022-2026	-	9,906	236,769	48,835	27,418
2027-2031	-	7,567	129,213	27,999	14,318
2032-2036	-	5,169	12,300	5,362	811
2037-2041	-	2,710	-	-	-
2042-2046	-	421	-	-	-
2047-2051	-	-	-	-	-
Total	$ 155,403	$ 37,961	$ 691,572	$ 148,828	$ 78,985

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 8 RISK MANAGEMENT

The 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 Board purchases insurance through a private carrier for all risks of loss including property insurance, pollution insurance, and bonding.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Board is a guaranteed cost participant in the West Virginia Worker's Compensation Program.

NOTE 9 CONTINGENCIES / PENDING LITIGATION

The Board is a party to various legal proceedings. The Board's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Board's financial position.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2016

Employees' Retirement and Benefit Fund of the City of Morgantown
Last 10 Fiscal Years*

	2016	2015	2014
Board's proportion of the net pension liability (asset) (percentage)	58.57%	57.33%	57.33%
Board's proportionate share of the net pension liability (asset)	$ 7,479,371	$ 5,235,305	$ 5,402,449
Board's covered-employee payroll	$ 7,330,133	$ 6,935,715	$ 6,623,068
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	102.04%	75.48%	81.57%
Plan fiduciary net position as a percentage of the total pension liability	78.62%	83.91%	82.97%

Information prior to fiscal year 2014 is not available.

*Will be built prospectively.

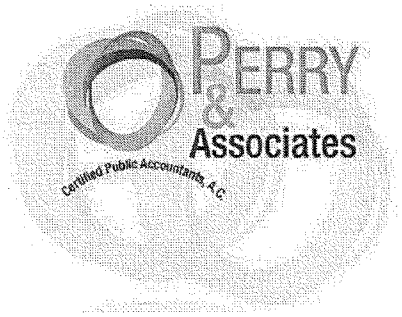
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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2016

Employees' Retirement and Benefit Fund of the City of Morgantown
Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 970,688	$ 1,060,981	$ 1,186,366	$ 1,053,537	$ 711,381	$ 707,649	$ 585,332	$ 542,420	$ 469,944	$ 394,597
Actual contribution	(1,022,554)	(1,077,497)	(882,191)	(756,125)	(717,285)	(646,270)	(478,911)	(475,353)	(522,183)	(439,266)
Contribution defieit (surplus)	$ (51,866)	$ (16,516)	$ 304,175	$ 297,412	$ (5,904)	$ 61,379	$ 106,421	$ 67,067	$ (52,239)	$ (44,669)
Board's covered-employee payroll	$ 7,330,133	$ 6,935,715	$ 6,623,068	$ 6,403,272	$ 6,078,627	$ 6,246,232	$ 5,778,093	$ 5,861,334	$ 6,071,770	$ 5,682,716
Actual contribution as a percentage of covered-employee payroll	13.95%	15.54%	13.32%	11.81%	11.80%	10.35%	8.29%	8.11%	8.60%	7.73%



428 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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

October 31, 2016

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

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 business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report dated October 31, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the 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*.

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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

...*"bringing more to the table"*
Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •

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SUPPLEMENTARY FINANCIAL INFORMATION

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Sale of Water		
Metered Sales	$ 9,946,606	$ 10,123,169
Private Fire Protection	308,549	293,000
Total Sales of Water	10,255,155	10,416,169
Other Operating Revenues		
Forfeited Discounts and Penalties	122,297	133,153
Miscellaneous Service Revenues	25,226	15,428
Rents from Water Property	22,284	22,888
Billings Services Revenue	100,470	112,486
Service Connection Fees	20,345	19,975
Total Other Operating Revenues	290,622	303,930
Total Operating Revenues	10,545,777	10,720,099
Source of Supply Expenses		
Operation		
Watershed Protection	97,335	25,386
Maintenance		
Collecting	31,332	15,326
Total Source of Supply Expenses	128,667	40,712
Pumping Expenses		
Operation		
Supervision and Engineering	40,348	38,489
Power and Pumping	269,605	206,727
Labor and Expense	16,994	28,764
Total Operation	326,947	273,980
Maintenance		
Pumping Equipment	41,039	29,514
Total Maintenance	41,039	29,514
Total Pumping Expenses	367,986	303,494
Water Treatment Expenses		
Operation		
Supervision and Engineering	41,105	40,734
Chemicals	342,287	366,672
Labor and Expense	1,142,357	1,006,259
Depreciation	3,029,021	3,020,273
Total Operation	4,554,770	4,433,938
Maintenance		
Supervision and Engineering	55,211	56,397
Structures and Improvements	150,913	205,598
Water Treatment Equipment	190,146	166,735
Total Maintenance	396,270	428,730
Total Water Treatment Expenses	4,951,040	4,862,668
Transmission and Distribution Expenses		
Operation		
Supervision and Engineering	161,428	164,692
Storage Facilities Expense	506,248	49,733
Transmission and Distribution	38,845	51,503
Meter Expense	79,099	81,036
Customer Installation Expense	14,313	14,991
Mapping and Records Expense	74,962	67,237
Shop Expense	252,528	226,682
Rents	35	35
Depreciation	1,396,093	1,368,910
Total Operation	2,523,551	2,024,819
Maintenance		
Supervision and Engineering	79,040	81,865
Structures and Improvements	3,202	9,708
Transmission and Distribution Main	564,963	539,355
Services	129,926	99,516
Meters	74,141	70,669
Hydrants	90,505	52,686
Total Maintenance	941,777	853,799
Total Transmission and Distribution Expenses	$ 3,465,328	$ 2,878,618

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading and Expenses	$ 86,614	$ 82,197
Customer Accounts Expenses	203,401	177,845
Uncollectible Accounts	20,717	26,334
Total Billing and Collecting Expenses	310,732	286,376
Administrative and General Expenses		
Administrative and General Salaries	63,944	59,124
Other General Office Salaries	273,527	255,307
Office Supplies and Other Expenses	55,313	60,570
Regulatory Commission Expense	36,878	38,356
Outside Services	25,376	31,834
Special Legal Services	4,299	1,197
Employee Pensions and Benefits	585,085	363,720
Employee Welfare Expenses	1,359,781	1,236,852
Insurance	149,887	152,996
Injuries and Damages	125,862	114,855
Employer's FICA Tax	228,136	219,681
Administrative Expenses Allocated to Overhead	(348,989)	(354,527)
Maintenance Expenses Structures	3,996	3,422
Office Furniture and Equipment	56,341	58,969
Communication Equipment	6,024	7,617
Miscellaneous Property	12,232	9,830
Employee Training	19,304	20,995
Miscellaneous General Expenses	131,817	123,562
Total Administrative and General Expenses	2,788,813	2,404,360
Total Operation and Maintenance Expense	12,012,566	10,776,228
Operating Income (Loss)	(1,466,789)	(56,129)
Other Nonoperating Income		
Other Income	950,157	800,740
Interest and Dividend Income	82,042	103,900
Unrealized Gain (Loss) on Investment	(34,558)	(32,941)
Total Other Nonoperating Income	997,641	871,699
Other Nonoperating Expenses		
Interest on Financing	2,556,744	2,597,010
Amortization of Financing Costs	45,144	671,075
Administrative Expense of Bonds	1,473	1,472
Interest on Customer Deposits	1,081	2,479
Total Other Nonoperating Expenses	2,604,442	3,272,036
Net Nonoperating Income (Expenses)	(1,606,801)	(2,400,337)
Net Income (Loss)	$ (3,073,590)	$ (2,456,466)

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Sewer Utility Income		
Domestic, Public and Industrial Service	$ 8,432,634	$ 8,224,178
Service to Other Systems	656,106	712,508
Other Sewerage Service	91,365	80,268
Total Sewer Utility Income	9,180,105	9,016,954
Other Sewerage Income		
Forfeited Discounts and Penalties	100,206	104,908
Merchandising, Jobbing and Contract Other Operating Income	7,742	15,426
Total Other Sewerage Income	107,948	120,334
Total Operating Revenues	9,288,053	9,137,288
Collecting Expenses		
Operation		
Supervision and Engineering	137,151	123,131
Labor	129,527	116,983
Supply and Expense	138,462	131,961
Total Operation	405,140	372,075
Maintenance		
Supervision and Engineering	33,396	38,060
Service Connection and Traps	144,331	121,678
Collecting and Transmission Mains	331,302	353,562
Depreciation	1,584,342	1,357,785
Total Maintenance	2,093,371	1,871,085
Total Collecting Expenses	2,498,511	2,243,160
Pumping Expenses		
Operation		
Labor	82,828	74,544
Power and Fuel	174,005	170,064
Supplies and Expenses	13,255	13,333
Total Operation	270,088	257,941
Maintenance		
Pumping Equipment	71,429	68,227
Depreciation	714,451	646,285
Total Maintenance	785,880	714,512
Total Pumping Expenses	1,055,968	972,453
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	41,101	42,232
Labor	435,960	407,034
Supplies and Expense	471,755	427,777
Chemical and Treatment Expense	174,694	163,049
Total Operation	1,123,510	1,040,092
Maintenance		
Supervision and Engineering	42,875	42,930
Structures and Improvements	50,091	58,243
Treatment and Disposal System	229,650	281,106
Depreciation	825,697	950,650
Total Maintenance	1,148,313	1,332,929
Total Treatment and Disposal Expenses	$ 2,271,824	$ 2,373,022

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading Expenses	$ 167,800	$ 162,291
Customer Accounts Expenses	126,732	106,478
Uncollectible Accounts	22,707	27,011
Total Billing and Collecting Expense	317,239	295,780
Administrative and General Expenses		
Administrative and General Salaries	58,571	53,921
Other General Office Salaries	262,618	251,707
Office Supplies and Other Expenses	61,802	59,532
Regulatory Commission Expense	42,427	40,092
Outside Services	24,200	28,773
Special Legal Services	4,591	26,197
Employee Pensions and Benefits	585,085	363,720
Employee Welfare Expenses	1,427,749	1,341,451
Insurance	216,287	200,996
Injuries and Damages	125,371	127,824
Employer's FICA Tax	228,136	219,681
Administrative Expenses Allocated to Overhead	(247,156)	(150,969)
Maintenance Expenses Structures	7,137	12,792
Office Furniture and Eqipment	56,310	57,859
Communication Equipment	6,624	5,895
Miscellaneous Property	15,812	11,721
Employee Training	19,706	17,490
Miscellaneous General Expenses	63,782	61,763
Total Administrative and General Expense	2,959,052	2,730,445
Total Operation and Maintenance Expense	9,102,594	8,614,860
Operating Income (Loss)	185,459	522,428
Other Nonoperating Income		
Other Income	211,280	56,871
Interest and Dividend Income	73,108	86,566
Unrealized Gain (Loss) on Investment	(26,893)	(16,432)
Total Other Nonoperating Income	257,495	127,005
Other Nonoperating Expenses		
Interest on Financing	360,580	380,146
Amortization of Financing Costs	-	107,114
Administrative Costs of Bonds	140,712	137,320
Interest on Customer Deposits	482	-
Total Other Nonoperating Expenses	501,774	624,580
Net Nonoperating Income (Expenses)	(244,279)	(497,575)
Net Income (Loss)	$ (58,820)	$ 24,853

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Cheat Sewer Revenues	$ 1,604,089	$ 1,561,911
Forfeited Discounts and Penalties	24,745	25,080
Total Operating Revenues	1,628,834	1,586,991
Collecting Expenses		
Operation		
Supervision and Engineering	1,225	891
Labor	34,433	31,532
Total Operation	35,658	32,423
Maintenance		
Supervision and Engineering	16,348	17,815
Service Connection and Traps	8,663	2,188
Collecting and Transmission Mains	50,951	28,186
Depreciation	526,022	512,407
Total Maintenance	601,984	560,596
Total Collecting Expenses	637,642	593,019
Pumping Expenses		
Operation		
Labor	29,326	26,918
Power and Fuel	35,354	31,181
Supplies and Expenses	7,989	7,153
Total Operation	72,669	65,252
Maintenance		
Pumping Equipment	32,295	25,964
Total Maintenance	32,295	25,964
Total Pumping Expenses	104,964	91,216
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	4,363	3,474
Labor	77,431	74,964
Supplies and Expense	165,977	134,466
Total Operation	247,771	212,904
Maintenance		
Structures and Improvements	1,592	1,641
Treatment and Disposal System	42,223	41,770
Total Maintenance	43,815	43,411
Total Treatment and Disposal Expenses	$ 291,586	$ 256,315

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading Expenses	$ 29,709	$ 28,995
Customer Accounts Expenses	24,679	21,195
Uncollectible Accounts	5,420	5,297
Total Billing and Collecting Expense	59,808	55,487
Administrative and General Expenses		
Administrative and General Salaries	52,288	49,746
Office Supplies and Other Expenses	(11,354)	(22,260)
Regulatory Commission Expense	5,761	6,295
Outside Services	2,031	1,690
Employee Pensions and Benefits	163,373	125,805
Insurance	207,062	194,158
Employer's FICA Tax	37,138	35,762
Employee Training	1,984	2,107
Miscellaneous General Expenses	8,778	8,665
Total Administrative and General Expense	467,061	401,968
Total Operation and Maintenance Expense	1,561,061	1,398,005
Operating Income (Loss)	67,773	188,986
Other Nonoperating Expenses		
Administrative Costs of Bonds	19,807	19,807
Total Other Nonoperating Expenses	19,807	19,807
Net Income (Loss)	$ 47,966	$ 169,179

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STORM WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Storm Water Revenues	$ 1,896,211	$ 1,847,051
Forfeited Discounts and Penalties	22,448	20,919
Total Operating Revenues	1,918,659	1,867,970
Collecting Expenses		
Operation		
Supervision and Engineering	16,586	13,685
Labor	67,527	65,172
Total Operation	84,113	78,857
Maintenance		
Supervision and Engineering	163,870	140,302
Service Connection and Traps	200,620	158,072
Depreciation	571,217	542,567
Total Maintenance	935,707	840,941
Total Collecting Expenses	1,019,820	919,798
Billing and Collecting Expenses		
Customer Accounts Expenses	85,098	75,596
Uncollectible Accounts	6,522	6,298
Total Billing and Collecting Expense	91,620	81,894
Administrative and General Expenses		
Administrative and General Salaries	53,812	51,221
Office Supplies and Other Expenses	(62,587)	(79,148)
Regulatory Commission Expense	-	1,750
Outside Services	2,031	1,693
Employee Pensions and Benefits	163,557	118,771
Insurance	184,762	176,158
Employer's FICA Tax	37,138	35,762
Employee Training	2,284	5,677
Public Outreach	38,266	53,800
Miscellaneous General Expenses	8,555	10,920
Total Administrative and General Expense	427,818	376,604
Total Operation and Maintenance Expense	1,539,258	1,378,296
Operating Income (Loss)	379,401	489,674
Other Nonoperating Expenses		
Interest on Debt	209,424	217,555
Amortization of Debt	605	143,342
Administrative Expense on Debt	44,194	44,194
Total Other Nonoperating Expenses	254,223	405,091
Net Income (Loss)	$ 125,178	$ 84,583

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix has been obtained from sources that the Issuer, the Morgantown Utility Board and the Underwriter believe to be reliable, but none of the Issuer, the Morgantown Utility Board 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 2016 A Bonds. The Series 2016 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 A Bond certificate will be issued for each maturity of the Series 2016 A Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2016 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 A Bonds, except in the event that use of the book-entry system for the Series 2016 A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2016 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 A 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

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time. Beneficial Owners of Series 2016 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 A Bonds documents. For example, Beneficial Owners of Series 2016 A Bonds may wish to ascertain that the nominee holding the Series 2016 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2016 A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 A 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 2016 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2016 A 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 2016 A Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2016 A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 A Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2016 A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2016 A 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 2016 A 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 2016 A 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.

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Bond Counsel Opinion)

December ___, 2016

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, 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 Morgantown, West Virginia (the "Issuer") of its $_____ aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds").

The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on November 1, 2016 and a Certificate of Determinations executed by the Mayor on November ___, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Series 2016 A Bonds are issued in fully registered form, are dated December ___, 2016, mature on December 1 in the years and amounts and bear interest payable each June 1 and December 1 commencing June 1, 2017, all as set forth in the Ordinance.

The Ordinance provides that the Series 2016 A Bonds are issued for the purpose of: (i) financing, along with the proceeds of the Issuer's Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program) and Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green) issued contemporaneously herewith (collectively, the "Series 2016 B Bonds") and monies of the Combined Utility System available therefore, the costs of the design, acquisition, construction and equipping of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection portion of the Combined Utility System of the City; (ii) funding the Series 2016 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from _____ ("_____" or the

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"Bond Insurer"); [and] (iii) [paying the premium for a municipal bond insurance policy (the "Series 2016 B Insurance Policy") from the Bond Insurer; and (iv)] paying costs of issuance of the Series 2016 B Bonds and related costs.

The Series 2016 A Bonds have been sold to _____ (the "Original Purchasers"), pursuant to a Bond Purchase Agreement dated November ___, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure 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 2016 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance; has authorized, executed and delivered the 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 2016 A Bonds; and has issued and delivered the Series 2016 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto (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 2016 A 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 System, on a parity with the Series 2016 B Bonds and the Prior Bonds, as defined in the Ordinance, and from the unexpended proceeds of the Series 2016 A Bonds. The Series 2016 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. We have examined the executed and authenticated Series 2016 A Bonds of said issue, and in our opinion, said Series 2016 A Bonds are in proper form and have been duly executed and authenticated.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2016 A Bonds is excluded from the gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; *provided, that* the interest on the Series 2016 A Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2016 A Bonds. Prospective purchasers of the Series 2016 A Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 A Bonds to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2016 A Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 A Bonds.

7. Under the Act, the Series 2016 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2016 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2016 A Bonds, to register any securities under said Securities Acts.

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

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We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the Official Statement prepared and used in connection with the offering and sale of the Series 2016 A 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

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APPENDIX E

FORM OF SERIES 2016 A BOND ORDINANCE

Sewage Treatment Plant Upgrade Project

THE CITY OF MORGANTOWN, WEST VIRGINIA
CONFORMED ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

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

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

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the sanitary sewerage collection and treatment portion of the System (collectively, the "Sanitary Sewerage System"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the Sanitary Sewerage System (further defined herein as the "Sewer Treatment Plant Project") should be financed, as provided under the Act, in whole or in part, from the proceeds of multiple series of combined utility system revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, as well as the costs of issuance of such bonds;

WHEREAS, the Issuer has determined to initially finance the costs of the Sewer Treatment Plant Project through the simultaneous issuance of three series of combined utility system revenue bonds designated, and in the not to exceed amounts, as follows:

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000 (the "Series 2016 A Bonds");

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of not more than $30,000,000 (the "Series 2016 B-1 Bonds"); and

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green), in the aggregate principal amount of not more than $500,000 (the "Series 2016 B-2 Bonds" and collectively with the Series 2016 B-2 Bonds, the "Series 2016 B Bonds").

The Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds are referred to herein as the "Sewer Treatment Plant Project Bonds".

WHEREAS, the Issuer has determined to enact this Ordinance to authorize the issuance of the Series 2016 A Bonds (the "Series 2016 A Ordinance"), such Series 2016 A Bonds to have such security and such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has enacted a separate Ordinance to approve the issuance of the Series 2016 B Bonds (the "Series 2016 B Ordinance" and, collectively with the Series 2016 A Ordinance, the "Sewer Treatment Plant Project Bond Ordinances");

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The Series 2016 A Bonds, the Series 2016 B-1 Bonds, and the Series 2016 B-2 Bonds will be issued on a parity with one another, the Prior Bonds, and any Additional Parity Bonds (as hereinafter defined) with respect to their lien on and security interest in the Gross Revenues of the System, and the Series 2016 A Bonds shall contain such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 A Bonds.

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

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

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto, the authorized officer for which will be the Board's General Manager.

"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,

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appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

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

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

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

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

"Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds, the Prior Bonds and any Additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 A Bonds in substantially the form set forth in "EXHIBIT A – FORM OF SERIES 2016 A BONDS," attached hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" include

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any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees (as hereinafter defined).

"Independent Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs, and specifically shall not include any certified public accountant who is an employee of either the City or the Board.

"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 Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

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

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2016 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

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

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"Operating Expenses" means the reasonable, proper and necessary costs 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, fees and expenses of the Authority, fiscal agents, 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; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the 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; and (d) with respect to determining the number or percentage of Bondholders 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 2016 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds, and Series 2015 E Bonds.

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"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2016 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2016 A Bonds are privately placed, the price paid by the first buyer of the Series 2016 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2016 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2016 A Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

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"Sanitary Sewerage System" means, collectively, the sanitary sewerage collection and treatment portion of the System.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

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"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000.

"Series 2012 C Bonds" means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000.

"Series 2013 A Bonds" means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260.

"Series 2014 B Bonds" means the Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421.

"Series 2015 A Bonds" means the Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568..

"Series 2015 B Bonds" means the Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586.

"Series 2015 C Bonds" means the Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813.

"Series 2015 D Bonds" means the Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394.

"Series 2015 E Bonds" means the Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300.

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"Series 2016 Bonds" means collectively, the Series 2016 A Bonds, the Series 2016 B-1 Bonds, and the Series 2016 B-2 Bonds.

"Series 2016 A Bonds" means the Combined Utility System Revenue Bonds, Series 2016 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

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

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

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

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

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

"Series 2016 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds.

"Series 2016 B Bonds" means, collectively, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds as hereinafter defined.

"Series 2016 B-1 Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $29,500,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 B-2 Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $500,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Sewer Treatment Plant Project" means, collectively, the acquisition and construction of certain additions, betterments and improvements to the System, including

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the design, acquisition and construction of improvements to the wastewater treatment plant located in Star City which is part of the Sanitary Sewer System.

"Sewer Treatment Plant Project Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

"Sewer Treatment Plant Project Bond Ordinances" means, collectively, the ordinances authorizing the Sewer Treatment Plant Project 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, Bond Insurer provisions (if any) and other terms of the Series 2016 A Bonds and authorizing the sale of the Series 2016 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2016 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Sewer Treatment Plant Project and any additions, betterments and improvements thereto hereafter acquired or constructed for said municipal waterworks, sewerage and stormwater system from any sources whatsoever, both within and without the Issuer.

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

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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 Monongalia County of said State.

B. The Issuer presently owns and operates, through the Board, a public combined waterworks, sewerage, and stormwater 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 City and specifically of the Sewer Treatment Plant Project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the System, specifically including, but not limited to, the rehabilitation and improvement of the wastewater treatment plant located in Star City, and all necessary appurtenances; (collectively, the "Sewer Treatment Plant Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Board.

C. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000, to permanently finance a portion of the costs of acquisition and construction of the Sewage Treatment Plant Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Sewer Treatment Plant Project; amounts which may be deposited in the Series 2016 A Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance policy, debt service reserve account insurance policy or debt service reserve account surety bond; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Sewage Treatment Plant Project and the placing of same in operation; and the performance of the things herein required or

permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Sewage Treatment Plant Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are or will be outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Prior Bonds, and the Issuer's Series 2016 B Bonds and Series 2016 C Bonds, to be issued contemporaneously with the issuance of the Series 2016 A Bonds, and the Issuer's Series 2016 D Bonds, which will be issued either contemporaneously with, or after, the issuance of the Series 2016 A Bonds.

Prior to the issuance of the Series 2016 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds. The Series 2010 A Bonds, Series 2010 F Bonds, Series 2012 C Bonds and Series 2014 B Bonds do not require written consent from the holders thereof.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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

G. The Issuer intends to issue the Series 2016 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and

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on a parity with such pledge in favor of the Holders of the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, to pay the principal of, and interest on the Series 2016 A Bonds, Series 2016 B-1 Bonds, Series 2016 B-2 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

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

J. The Series 2016 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2016 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2016 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 A Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. Prior to construction, the Issuer will have complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Water Reservoir Project and the System and issuance of the Series 2016 A Bonds including but not limited to Chapter 24, Article 2, Paragraph 11 (l).

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be

performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2016 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2016 A Bond and any other Series 2016 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE SEWER TREATMENT PLANT PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Sewer Treatment Plant Project. There is hereby authorized and ordered the acquisition and construction of the Sewer Treatment Plant Project, at an estimated cost of not more than $130,000,000, of which up to $100,000,000 will be obtained from the proceeds of the Series 2016 A Bonds and up to $30,000,000 will be obtained from the proceeds of the sale of the Series 2016 B Bonds.

ARTICLE III
THE SERIES 2016 A BONDS

Section 3.01 Form and Payment of Bonds. No Series 2016 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2016 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

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In the event any Series 2016 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 A Bond in the principal amount of said 2016 A Bond then Outstanding.

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

Section 3.03. Authentication and Registration. No Series 2016 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2016 A Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2016 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2016 A Bonds issued hereunder.

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

So long as any of the Series 2016 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 A Bonds.

The Series 2016 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2016 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2016 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2016 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 A Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 A Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2016 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2016 A Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may

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pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

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

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

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

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

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4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

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

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer and the registered owner of the Series 2016 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

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,

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

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

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

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

Official notice of redemption having been given as aforesaid, the Series 2016 A Bonds, or portions of the Series 2016 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 A Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2016 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in

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temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2016 A Bonds. For the purposes of paying a portion of the costs of the Sewage Treatment Plant Project, capitalizing interest on the Series 2016 A Bonds, paying the premium for a municipal bond insurance policy, funding the Series 2016 A Bonds Reserve Account with proceeds of the Series 2016 A Bonds or paying the premium for a municipal bond debt service reserve insurance policy, in a amount equal to the Series 2016 A Bonds Debt Service Reserve Requirement and paying costs in connection with the issuance of the Series 2016 A Bonds, there shall be issued the Series 2016 A Bonds of the Issuer, in an aggregate principal amount of not more than $100,000,000. Said Series 2016 A Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2016 A," or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in one or more Supplemental Resolution(s), and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2016 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $100,000,000); shall bear interest at such rate or rates, (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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portion of the Series 2016 A Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in Paragraph E below.

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

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

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

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

Section 3.12. Delivery of Series 2016 A Bonds. A. The Issuer shall execute and deliver the Series 2016 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to DTC for the benefit of the Original Purchaser;

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

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

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

Section 3.13. Form of Series 2016 A Bonds. The definitive Series 2016 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2016 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2016 A Bonds. Upon the issuance and delivery of the Series 2016 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

2. if a Municipal Bond Insurance Policy has been obtained to secure the payment of the principal of, and interest on, the Series 2016 A Bonds, the premium for such Municipal Bond Insurance Policy shall be paid to the Bond Insurer.

3. An amount of the proceeds of the Series 2016 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2016 A Bonds Reserve Account; provided, that to the extent the Series 2016 A Bonds Reserve Requirement is satisfied in whole or in part from a municipal bond debt serve reserve insurance polity, letter of credit, surety bond or other credit facility, proceeds of the Series 2016 A Bonds shall be deposited in the Series 2016 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 A Bonds Reserve Requirement.

4. The amount of Series 2016 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 A Bonds shall be deposited with the Depository Bank in the Series 2016 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2016 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2016 A Bonds from which such proceeds are derived.

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

Section 3.15. Disbursements from the Series 2016 A Bonds Construction Fund. Disbursements from the Series 2016 A Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2016 A Bonds in excess of the monies available in the

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Costs of Issuance Fund which shall be made upon request of the Utility, shall be made only for design, acquisition and construction of capital improvements, repairs and replacements for the Sewer Treatment Plant Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2016 A Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Utility.

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) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2016 A 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 is established by Prior Ordinances or the Sewer Treatment Plant Project Bond Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

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(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

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

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

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

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

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

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

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

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

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

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

(25) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2012 C Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

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

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

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

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

(37) Series 2015 C Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2015 C Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

(43) Series 2016 B-1 Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(44) Series 2016 B-1 Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(45) Series 2016 B-2 Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(46) Series 2016 B-2 Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(47) Series 2016 A Bonds Sinking Fund; and

(48) Series 2016 A Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue

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Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to for payment of interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2014 B Bonds, Series 2015 A Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective sinking funds for the payment of interest on the Series 2016 B Bonds; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 A Bonds on the next ensuing semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2016 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective sinking funds for the payment of principal on the Series 2016 B Bonds; and (iii) for deposit in the Series 2016 A Bonds Sinking Fund (and in the Series 2016 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 A Bonds mature

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semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective reserve accounts for the Series 2016 B Bonds, if any; and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2016 A Bonds or upon completion of construction of the Sewer Treatment Plant Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 A Bonds Reserve Account, as a result of a decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Bonds Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bond Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 A Bond Reserve Account Requirement.

Amounts in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 A Bonds

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when due, when amounts in the Series 2016 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

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

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

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series

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2015 A Bonds and the Series 2016 B Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer, through the Board, shall invest and reinvest, and shall instruct the Bond 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, though the Board, 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, through the Board, may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

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

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

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 A Bonds Reserve Account, whereupon it shall be valued immediately

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after such withdrawal. If amounts on deposit in the Series 2016 A Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(F) Notwithstanding the foregoing, all monies deposited in the Series 2016 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2016 A Bonds in such manner and to such extent as may be necessary, so that such Series 2016 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2016 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual

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calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2016 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2016 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2016 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any

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constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2016 A Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 A Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2016 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 A Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2016 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds and, in the instance of the Series 2016 A Bonds, all monies and securities in the Series 2016 A Bonds Sinking Fund, including the Series 2016 A Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the Series 2016 A Bonds herein authorized, and to make the payments into the Series 2016 A Bonds Sinking Fund, all monies and securities in the Series 2016 A Bonds Sinking Fund, including the Series 2016 A Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law. Copies of such rates and charges so established may be obtained from the Board by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 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 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.

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The Issuer expressly reserves the right to reduce the rates for the System in effect as of the date of issuance of the Series 2016 A Bonds in the event that, based on a certificate of an Independent Certified Public Accountant, even after any such decrease in rates, the Issuer will meet the requirements of the Section 6.04 and is not in default under any other provision of any ordinance authorizing in bonds or other indebtedness secured by the Gross Revenues of the System.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Sewer Treatment Plant Project.

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

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $1,000,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $1,000,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so

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advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $1,000,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2016 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds, Series 2016 B-1 Bonds or Series 2016 B-2 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping additions, betterments or improvements for the System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B-1 Bonds, the Series 2016 B-

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2 Bonds, or the Prior Bonds, refunding all or a portion of any series of Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the System, or all of such purposes.

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

(1) The Series 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2016 A Bonds, the Series B-1 Bonds, the Series B-2 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the

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Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Gross Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues with the Series 2016 A Bonds except in the manner and under the conditions provided in this section.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 A Bonds remain Outstanding, the Issuer or the Board 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 Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Sewer Treatment Plant Project in the full insurable value thereof.

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

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 Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

The Issuer shall require all contractors engaged in the construction of the Sewer Treatment Plant Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Sewer Treatment Plant

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Project covered by the particular contract as security for the faithful performance of such contract.

The Issuer shall also require all contractors engaged in the construction of the Sewer Treatment Plant Project to carry such workers' compensation coverage for all employees working on the Sewer Treatment Plant 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 Sewer Treatment Plant Project.

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

Section 6.11. Enforcement of Collections. The Issuer shall, through the Board, 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.

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

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2016 A 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 Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and

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

The Issuer or the Board shall, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year.

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.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2016 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

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

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A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2016 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2016 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2016 A Bonds during the terms thereof is, under the terms of such Series 2016 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2016 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2016 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2016 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2016 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2016 A Bonds.

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Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2016 A Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Covenants Regarding the Municipal Bond Debt Service Reserve Insurance Policy. The Issuer intends to obtain a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Account. In the event such Municipal Bond Debt Service Reserve Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.20. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or 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 Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by the Mayor. The Mayor and Clerk are further authorized to take all actions necessary for the Issuer to comply with the Continuing Disclosure Agreement.

Section 6.21 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 A Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 A 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.

Section 6.22. Bond Purchase Agreement. The Series 2016 A Bonds shall be sold to the Original Purchaser pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance, the Mayor is specifically authorized

and directed to execute the said Bond Purchase Agreement in such form as may be approved by the Supplemental Resolution, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the said Bond Purchase Agreement to the Original Purchaser.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2016 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2016 A Bond;

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

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances, or the Series 2016 B-1 Bonds or the Series 2016 B-2 Bonds or the Series 2016 B Ordinance.

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

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

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

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

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

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(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 all pro rata, with respect to the Prior Bonds the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and any Additional Parity Bonds, and the Series 2016 A Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2016 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the

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entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

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

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

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ARTICLE VIII
REGISTRAR AND PAYING AGENT

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

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2016 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2016 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 A Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than

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60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately; provided, that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

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

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

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

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

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

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

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited

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with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

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

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

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer

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authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

C. The amount of fully registered Series 2016 A Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2016 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 A Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2016 A Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property

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and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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

ISSUER
The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

and

Morgantown Utility Board
278 Greenbag Road
Morgantown, West Virginia 26507
Attention: General Manager

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

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

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the Bond Insurer and the Original Purchaser.

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

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

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons

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concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 A Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of February, 2016, at 7:00 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 10.14. Effective Date. This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading: January 5, 2016

Second Reading: January 19, 2016

Effective following
Public Hearing held on: February 2, 2016

THE CITY OF MORGANTOWN

_____
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 MORGANTOWN at a regular meeting of the City Council held on February 2, 2016, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this ____ day of December, 2016.

[SEAL]

_____
City Clerk

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EXHIBIT A – FORM OF SERIES 2016 A BONDS

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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 _____, _____, 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 Morgantown Combined Utility System Revenue Bonds, Series 2016 A" (the "Series 2016 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of Sewer Treatment Plant Project: [(ii) to capitalize interest on the Series 2016 A Bonds;] [(iii) pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds;] [(iv) to fund a reserve account for the Series 2016 A Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds] in an amount equal to the Series 2016 A Bonds Reserve Requirement; and (v) to pay certain costs of issuance of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 A Bonds

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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 Morgantown, West Virginia.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE

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"SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS");

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,605,260 (THE "SERIES 2013 A BONDS");

(16) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2014 B DATED JULY 23, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $505,421 (THE "SERIES 2014 B BONDS");

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(17) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $137,568 (THE "SERIES 2015 A BONDS");

(18) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,586 (THE "SERIES 2015 B BONDS");

(19) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 C (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,111,813 (THE "SERIES 2015 C BONDS");

(20) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 D (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,688,394 (THE "SERIES 2015 D BONDS");

(21) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 E (WEST VIRGINIA SRF PROGRAM), DATED JUNE 11, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $662,300 (THE "SERIES 2015 E BONDS"), (COLLECTIVELY, THE "PRIOR BONDS");

(22) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 B-1 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER __, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B-1 BONDS"); AND

(23) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 B-2 (WEST VIRGINIA SRF PROGRAM/GREEN), DATED DECEMBER __, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B-2 BONDS").

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

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the

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following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Series 2016 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2016 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2016 A Bonds are to be redeemed, the Series 2016 A Bonds to be redeemed shall

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be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

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

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

The Series 2016 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds [and the Series 2016 D Bonds], all monies in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2016 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2016 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2016 A Bonds Sinking Fund and the Series 2016 A Bonds Reserve Account and said unexpended Series 2016 A Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 A

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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 Sewer Treatment Plant Project, capitalize the interest on the Series 2016 A Bonds for a period of _____, [pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of and interest on the Series 2016 A Bonds, [fund a reserve account for the Series 2016 A Bonds/pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the reserve account for the Series 2016 A Bonds] in amount equal to the Series 2016 A Bonds Reserve Requirement, and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 A Bonds.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

[Manual or facsimile signature]
Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, 2016.

_____,
As Registrar

By _____
Its Authorized Officer

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STATEMENT OF INSURANCE

[Bond Insurance Legend]

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(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.

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THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT)

BOND ORDINANCE

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APPENDIX F

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December __, 2016, is executed and delivered by and among The City of Morgantown (the "City") and the Morgantown Utility Board ("MUB" 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 the services provided by DAC pursuant to this Disclosure Agreement 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

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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 by the Disclosure Dissemination Agent 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 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.

"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.

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"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)(11) 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 (if any), 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 the fiscal year of the Issuer for which such Annual Report is due, commencing with the fiscal year ending June 30, 2017. 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

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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;"

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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;" and

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

(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;"

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8. "litigation/enforcement action;"

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

10. "derivative or other similar transaction;" and

11. "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 (120/150 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 fiscal 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

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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 provided in the Official Statement as summarized on Exhibit D – FORM OF OPERATING DATA.

(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

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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; and

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

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

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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

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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, nor does the Issuer assume any ongoing responsibility, 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.

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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

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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) 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.

[Remainder of page intentionally left blank.]

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:_____

THE CITY OF MORGANTOWN

By:_____
Name: Marti Shamberger
Title: Mayor

MORGANTOWN UTILITY BOARD

By:_____
Name: J.T. Straface
Title: Chairman

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EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	The City of Morgantown (West Virginia)
Obligated Person(s)	_____
Name of Bond Issue:	The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds Series 2016 A
Date of Issuance:	December __, 2016
Date of Official Statement	November __, 2016

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:	_____

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EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	The City of Morgantown
Obligated Person:	_____
Name of Bond Issue:	The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds Series 2016 A
Date of Issuance:	December __, 2016
Date of Disclosure Agreement:	November __, 2016
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:

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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:

The City of Morgantown

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

____ 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.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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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 December __, 2016 between the Issuer and DAC.

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

The City of Morgantown

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;"
10._____"derivative or other similar transaction;" and
11._____"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.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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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 December __, 2016 between the Issuer and DAC.

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

The City of Morgantown

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.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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EXHIBIT D
FORM OF OPERATING DATA

The City of Morgantown

Combined Utility System Revenue Bonds, CUSIP: 61759 CA

OPERATING DATA FOR FISCAL YEAR ENDED JUNE 30, 2016

In compliance with the requirements of the Continuing Disclosure Agreements executed by The City of Morgantown (West Virginia) in conjunction with the bonds issued with the above-referenced CUSIP, the following Operating Data with respect to the Combined Utility System operated, maintained and managed by the Morgantown Utility Board ("MUB") is provided for the above-stated Fiscal Year:

MUB Combined Utility System Retail Customer History

The average number of retail customers for the Combined Utility System for each of the past 12 Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*	*Stormwater Customers*	*Stormwater Growth Percentage*
2004	21,434	–	15,041	–	–	–
2005	21,641	1.0%	15,468	2.8%	–	–
2006	22,400	3.5%	15,958	3.2%	–	–
2007	22,442	0.2%	16,547	3.7%	–	–
2008	22,930	2.2%	16,982	2.6%	14,026	–
2009	23,333	1.8%	17,488	3.0%	14,311	2.0%
2010	23,786	1.9%	18,105	3.5%	14,428	0.8%
2011	24,129	1.4%	18,747	3.5%	14,535	0.7%
2012	24,509	1.6%	19,063	1.7%	14,616	0.6%
2013	25,261	3.1%	19,752	3.6%	14,620	0.0%
2014	25,459	0.8%	20,495	3.8%	14,623	0.0%
2015	25,748	1.1%	21,827	6.5%	14,850	1.6%
2016	25,909	0.6%	22,124	1.4%	15,173	2.2%

MUB Water System – Customer Data

The following table sets forth the total potable water sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$1,612,454	$543,406	$271,161	$489,794	$733,334	$3,650,149
2005	$1,777,410	$607,448	$279,839	$573,558	$804,658	$4,042,913
2006	$2,081,586	$724,988	$288,567	$677,270	$891,085	$4,663,496
2007	$2,084,269	$784,141	$239,092	$658,889	$958,133	$4,724,524
2008	$2,103,110	$867,818	$252,077	$584,108	$957,550	$4,764,663
2009	$2,318,377	$929,036	$275,450	$549,397	$1,150,244	$5,222,504
2010	$2,343,293	$984,890	$265,091	$531,366	$1,197,923	$5,322,563
2011	$2,392,492	$1,033,362	$285,208	$518,649	$1,178,934	$5,408,645
2012	$3,223,346	$1,494,901	$455,788	$718,485	$1,733,959	$7,626,479
2013	$4,145,424	$2,103,342	$638,978	$989,990	$2,232,964	$10,110,698
2014	$4,095,556	$2,113,502	$672,972	$978,035	$2,324,122	$10,184,187
2015	$4,072,301	$1,955,425	$824,349	$916,151	$2,354,942	$10,123,168
2016	$4,035,841	$1,934,279	$800,615	$919,494	$2,275,727	$9,965,956

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MUB Water System – Largest Customers

The following table sets forth the ten largest customers of the MUB Water System and related annual sales for the fiscal year ended June 30, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Cheat View PSD*	266,858	$678,045.14
2	Clinton Water Association*	250,998	$637,887.54
3	West Virginia University	130,619	$367,118.00
4	Mylan Pharmaceuticals	133,982	$348,007.30
5	Clay Battelle PSD*	123,838	$314,274.94
6	Addivant	100,127	$256,269.90
7	Pleasant Valley PSD*	85,350	$221,808.58
8	Star City Water System*	70,841	$184,411.39
9	WVU Hospitals	69,646	$181,244.53
10	Morgantown Energy Association	73,845	$174,654.80
	Totals	**1,306,104**	**$3,363,722.12**

*Resale Customer

The total Water System Gross Revenue for the fiscal year ended June 30, 2016 was $9,966,000. The ten largest water users represented 34% of the Water System Gross Revenue.

MUB Water System – Water Resale Customers

The following tables set forth information regarding MUB's Water Resale Customers for the most recent six fiscal years.

MUB Water Resale Customers – Annual Gallons Bulk Water Purchased from MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	266,858	252,158	243,707	245,167	253,678	274,725
Clinton Water Ass'n	250,998	260,134	262,033	245,336	246,707	242,779
Clay Battelle PSD	123,838	124,343	135,788	124,374	141,603	139,119
Pleasant Valley PSD	83,350	108,955	115,482	107,160	98,448	111,387
Town of Masontown	42,701	45,016	40,794	38,705	36,548	37,351
Town of Star City	70,841	77,925	78,984	87,600	87,840	77,566
River Road PSD	51,643	46,288	41,902	42,116	39,949	43,333
Total	**892,229**	**914,819**	**918,690**	**890,458**	**904,773**	**926,260**

MUB Water Resale Customers – Annual Bulk Water Purchases from MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	$678,045	$645,044	$619,372	$629,950	$466,255	$350,376
Clinton Water Ass'n	$637,888	$662,239	$667,767	$625,524	$626,695	$312,417
Clay Battelle PSD	$314,275	$315,531	$344,507	$314,785	$261,038	$178,404
Pleasant Valley PSD	$221,809	$299,439	$310,514	$298,866	$203,685	$145,842
Town of Masontown	$108,998	$113,725	$104,587	$99,030	$70,406	$48,090
Town of Star City	$184,411	$205,611	$203,983	$131,400	$118,954	$100,922

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River Road PSD	$130,028	$118,073	$107,129	$107,518	$76,054	$55,799
Total	**$2,275,454**	**$2,359,662**	**$2,357,859**	**$2,207,499**	**$1,823,087**	**$1,191,850**

For the fiscal year ending June 30, 2016, sales of bulk water to the Water Resale Customers represented 22.83% of the Water System's Gross Revenue.

MUB Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$3,603,277	$1,286,963	$245,449	–	$469,122	$5,604,811
2005	$3,654,324	$1,405,427	$294,924	–	$506,834	$5,861,509
2006	$4,059,102	$1,610,572	$274,353	–	$526,789	$6,470,816
2007	$4,368,193	$1,626,967	$267,660	–	$555,105	$6,817,925
2008	$4,530,051	$1,473,390	$299,693	–	$629,086	$6,932,220
2009	$4,835,992	$1,317,109	$339,187	–	$712,505	$7,204,793
2010	$3,458,586	$1,903,921	$307,798	$1,274,932	$700,225	$7,645,462
2011	$3,531,058	$1,982,495	$313,247	$1,156,584	$785,867	$7,769,251
2012	$3,789,665	$2,243,995	$493,504	$1,307,667	$867,749	$8,702,580
2013	$4,242,666	$2,380,843	$426,778	$1,411,592	$861,492	$9,323,371
2014	$4,487,498	$2,447,661	$460,191	$1,401,645	$803,564	$9,600,559
2015	$5,079,237	$2,874,371	$454,779	$1,356,427	$712,508	$10,477,322
2016	$5,186,957	$3,008,484	$475,128	$1,365,651	$656,106	$10,692,326

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Mylan Pharmaceuticals	133,982	$540,411.03
2	West Virginia University	129,159	$527,079.68
3	City of Westover*	213,689	$320,534.00
4	WVU Hospitals	69,646	$278,971.33
5	Morgantown Energy Association	73,845	$192,792.52
6	RF Kennedy Youth Center	40,076	$160,779.20
7	Deckers Creek PSD*	103,074	$154,611.00
8	Town of Star City*	87,840	$131,760.00
9	Monongalia General Hospital	49,620	$74,905.20
10	Monongalia County Board of Education	18,228	$73,277.00
	Total	**919,159**	**$2,455,120.96**

* Resale Customer

The total Sewer System Gross Revenue for the fiscal year ended June 30, 2016 was $10,692,000. The ten largest sewer customers represented 23% of the Sewer System Gross Revenue.

MUB Sewer Resale Customers

The following tables set forth information regarding MUB's Sewer Resale Customers for the most recent six fiscal years.

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MUB Sewer Resale Customers – Annual Gallons Wastewater Treated by MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	213,689	230,765	230,859	200,663	236,660	262,998
Deckers Creek PSD	103,074	103,994	115,570	151,686	166,708	172,927
Town of Star City	87,840	87,840	87,600	87,600	87,840	87,600
Town of Granville	32,801	42,636	46,912	35,323	53,313	39,002
Total	**437,404**	**465,235**	**480,941**	**475,272**	**544,521**	**562,527**

MUB Sewer Resale Customers – Annual Treatment Cost Billed by MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	$320,534	$346,148	$346,289	$331,995	$314,434	$318,228
Deckers Creek PSD	$154,611	$155,991	$173,356	$227,528	$223,149	$209,568
Town of Star City	$131,760	$131,400	$131,040	$131,400	$118,954	$105,996
Town of Granville	$49,201	$63,955	$70,368	$52,984	$73,110	$47,192
Total	**$656,106**	**$697,494**	**$721,053**	**$743,907**	**$729,647**	**$680,984**

For the fiscal year ended June 30, 2016, payments for sewage transmission and treatment to MUB from the MUB Sewer Resale Customers represented 6.13% of the Sewer System Gross Revenue.

MUB Stormwater System – Largest Customers

	Customer	*Impermeable Surface (in sq. ft.)*	*Revenue*
1	West Virginia University	10,023,286	$282,656.67
2	GP Management	1,848,992	$52,141.57
3	WVU Hospitals	1,563,272	$44,084.27
4	Board of Education	1,460,534	$41,187.06
5	RF Kennedy Youth Center	914,791	$25,797.11
6	Mylan Pharmaceuticals	876,712	$24,723.28
7	The City of Morgantown	872,167	$24,595.11
8	Wal-Mart Stores	772,999	$21,798.57
9	US Dept. Energy NETL	632,696	$17,842.03
10	Monongalia General Hospital	395,021	$11,139.59
	Total	**19,360,470**	**$545,695.25**

The total stormwater operating revenue for the fiscal year ended June 30, 2016 was $1,891,000. The ten largest stormwater customers represented 29% of the Stormwater System Gross Revenue.

MUB Combined Utility System Historical and Projected Coverage

	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Operating Revenues	$21,454,380	$21,978,283	$22,842,087	$22,935,561	$33,789,995	$34,248,901	$34,541,342	$34,806,113
Other Operating Revenues	636,572	488,258	470,265	445,763	423,802	425,177	425,177	425,177

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Total Operating Revenues	**$22,090,952**	**$22,466,541**	**$23,312,352**	**$23,381,324**	**$34,213,797**	**$34,674,078**	**$34,966,519**	**$35,231,290**
Total O & M Expense	12,538,608	13,338,657	13,768,514	15,523,128	16,073,068	16,798,372	18,042,493	18,872,882
Depreciation Expense	5,593,277	8,050,420	8,398,878	8,692,352	9,142,447	9,341,447	9,959,944	12,357,773
Operating Income	**$3,959,067**	**$1,077,464**	**$1,144,960**	**-$834,157**	**$8,998,282**	**$8,534,259**	**$6,964,082**	**$4,000,635**
Non-Operating Income	665,919	1,072,566	-128,103	1,001,638	941,384	941,384	941,384	941,384
Available for Debt Service	**$10,218,263**	**$10,200,450**	**$9,415,735**	**$8,859,834**	**$16,882,113**	**$18,817,090**	**$17,865,410**	**$17,299,792**
Debt Service Requirement	$6,953,390	$6,990,740	$7,230,075	$7,300,490	$9,134,384	$14,090,231	$14,084,901	$14,073,554
Coverage	**1.47x**	**1.46x**	**1.30x**	**1.21x**	**1.85x**	**1.34x**	**1.27x**	**1.23x**

* Projected

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APPENDIX G

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At June 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,841 million and its net unearned premium reserve was approximately $1,459 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

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(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "SERIES 2016 A RESERVE POLICY" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "SERIES 2016 A RESERVE POLICY".

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APPENDIX H



MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER:

Policy No.:

BONDS:

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, 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.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the **[Bond Document or][Insurance Agreement].** Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by AGM hereunder.

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 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 (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond 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 AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

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 are, or the Insurer's Fiscal Agent is, 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 AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together

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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. 'Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means the earlier of and the date the Bonds are no longer outstanding under the Bond Document.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

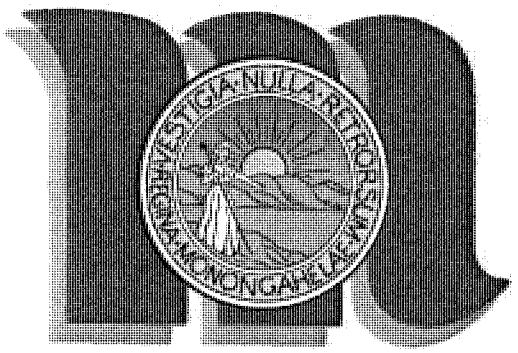
A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 501B NY (8/96)

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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 Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to the Code and such interest is not a specific item of tax preference for purposes of the Federal individual or corporate alternative minimum taxes; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the 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 Section 8-20-5 and "APPENDIX D – FORM OF BOND COUNSEL OPINION" herein. The above opinions are subject to certain limitations and exceptions. See "TAX MATTERS" herein.

$69,755,000
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2016 A

Dated: Date of Delivery

Due: As shown on inside front cover

The Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), are being issued by The City of Morgantown, West Virginia (the "Issuer"), to provide funds, along with the proceeds of the Series 2016 B Bonds (herein defined) and available funds of the Combined Utility System (herein defined): (i) to design, acquire, construct and equip certain additions, betterments and improvements to the sanitary sewerage treatment and collection portion of the Issuer's existing combined potable water, sanitary sewer and stormwater utility system (collectively, the "Project," as herein further described); (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2016 A Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2016 A Bonds; and (iv) to pay Costs of Issuance (defined herein) of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds Reserve Account shall be funded through the Series 2016 A Reserve Policy issued simultaneously with the delivery of the Series 2016 A Bonds by the Bond Insurer in the amount equal to the Series 2016 A Bonds Reserve Requirement. For a description of the Series 2016 A Insurance Policy, the Series 2016 A Reserve Policy and the Bond Insurer, see "SECURITY FOR THE SERIES 2016 A BONDS – Sources of Payment" and "APPENDIX G – BOND INSURANCE" herein.

Interest on the Series 2016 A Bonds is payable on each June 1 and December 1, commencing June 1, 2017 (each, a "Payment Date"). So long as the Series 2016 A Bonds are maintained under a book-entry system, payments of the principal of, and premium, if any, and interest on, the Series 2016 A 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 thereof.

The Series 2016 A Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein. See "THE SERIES 2016 A BONDS – Redemption Provisions for Series 2016 A Bonds" herein.

The Series 2016 A Bonds are limited special obligations of the Issuer payable solely from and secured by the Gross Revenues (herein defined) derived from the combined potable water, sanitary sewer and stormwater utility system of the Issuer, which is managed, operated and maintained by the Morgantown Utility Board ("MUB"), and any extensions, improvements and betterments thereto, specifically including, but not limited to, the Project (collectively, the "Combined Utility System"), on a parity with the Series 2016 B Bonds issued concurrently herewith, and the Prior Bonds (herein defined), any Additional Parity Bonds (herein defined) that may hereafter be issued by the Issuer, and from funds on deposit in, or with respect to the Series 2016 A Reserve Policy, which funds the Series 2016 A Bonds Reserve Account, and the Series 2016 A Bonds Sinking Fund therein, and the unexpended proceeds of the Series 2016 A Bonds, all as more fully described herein. See "INTRODUCTION – Concurrent Financing for the Project by the Issuer" herein.

The Series 2016 A 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 2016 A Bonds or the interest thereon except from the above-referenced Gross Revenues and the Series 2016 A Bonds Sinking Fund and Series 2016 A Bonds Reserve Account therein. The Series 2016 A 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 2016 A Bonds.

The Series 2016 A Bonds are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof. Purchasers of the Series 2016 A Bonds will not receive certificates representing their interests in the Series 2016 A Bonds purchased. The Series 2016 A Bonds will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York.

The scheduled payment of principal of and interest on the Series 2016 A Bonds when due will be guaranteed under the Series 2016 A Insurance Policy to be issued simultaneously with the delivery of the Series 2016 A Bonds by the Bond Insurer. For the forms of the Policies, see "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX I – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein.

ASSURED GUARANTY
MUNICIPAL

This cover page contains only a brief description of the Issuer, the Project, and the Series 2016 A 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 2016 A Bonds are offered for delivery when, as and if issued and received by the Underwriters, 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 MUB in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the Underwriters by Jackson Kelly PLLC, Underwriters' Counsel. Certain legal matters will be passed upon for the Issuer by its City Attorney, Ryan Simonton. Certain legal matters will be passed upon for MUB by its General Counsel, Timothy Stranko. It is expected that the Series 2016 A Bonds will be available for delivery through The Depository Trust Company on or about December 1, 2016.

BofA Merrill Lynch

Citigroup **Crews & Associates, Inc.**

Dated: November 15, 2016

$69,755,000
The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

MATURITIES, AMOUNTS AND INTEREST RATES

$35,845,000 Serial Bonds

Maturing (Dec. 1)	Principal Amount	Interest Rate (%)	Yield (%)	CUSIP* Base #61759C	Maturing (Dec. 1)	Principal Amount	Interest Rate (%)	Yield (%)	CUSIP* Base #61759C
2017	$1,140,000	3.000%	1.070%	BD9	2027	$1,820,000	5.000%	2.920%	BP2**
2018	$1,180,000	4.000%	1.280%	BE7	2028	$1,895,000	3.000%	3.230%	BQ0
2019	$1,225,000	4.000%	1.470%	BF4	2029	$1,960,000	4.000%	3.310%	BR8**
2020	$1,285,000	5.000%	1.660%	BG2	2030	$2,040,000	4.000%	3.420%	BS6**
2021	$1,350,000	5.000%	1.860%	BH0	2031	$2,125,000	4.000%	3.540%	BT4**
2022	$1,420,000	5.000%	2.040%	BJ6	2032	$2,210,000	4.000%	3.660%	BU1**
2023	$1,490,000	5.000%	2.290%	BK3	2033	$2,300,000	4.000%	3.710%	BV9**
2024	$1,565,000	5.000%	2.510%	BL1	2034	$2,390,000	3.625%	3.840%	BW7
2025	$1,650,000	5.000%	2.710%	BM9	2035	$2,485,000	4.000%	3.800%	BX5**
2026	$1,730,000	5.000%	2.810%	BN7	2036	$2,585,000	4.000%	3.830%	BY3**

$14,990,000 5.000% Term Bonds due December 1, 2041 at 3.630% CUSIP: 61759C BZ0**

$12,600,000 4.000% Term Bonds due December 1, 2046 at 4.080% CUSIP: 61759C CA4

$6,320,000 5.000% Term Bonds due December 1, 2046 at 3.680% CUSIP: 61759C CB2**

* 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 Underwriters are responsible for the selection or uses of these CUSIP members, and no representation is made as to their correctness on the Series 2016 A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016 A 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 2016 A Bonds.

**Priced to first optional redemption date of December 1, 2026.

THE CITY OF MORGANTOWN

MAYOR

Marti Shamberger, Mayor

COUNCIL

Marti Shamberger
Bill Kawecki
Wes Nugent
Nancy Ganz
Ron Bane
Jennifer Selin
Jay Redman

INTERIM CITY MANAGER

Glen Kelly

CITY CLERK

Linda L. Tucker

CITY ATTORNEY FOR THE CITY OF MORGANTOWN

Ryan Simonton, Esquire

MORGANTOWN UTILITY BOARD

J.T. Straface
John Ganz
Ron Bane
Frank Scafella
William Rice

GENERAL MANAGER

Timothy Ball, P.E.

GENERAL COUNSEL FOR MORGANTOWN UTILITY BOARD

Timothy Stranko, Esquire

MUNICIPAL ADVISOR

Public Financial Management, Inc.

BOND COUNSEL

Steptoe & Johnson PLLC

PAYING AGENT

West Virginia Municipal Bond Commission

REGISTRAR

United Bank, Inc.

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 2016 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the Issuer, MUB or the Underwriters 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, MUB 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 Underwriters. 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, MUB or the Combined Utility 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, MUB 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, MUB or the Combined Utility System.

The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the Combined Utility System, and from the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Bonds Reserve Account therein, and the unexpended proceeds of the Series 2016 A Bonds, all as herein provided. No Holder or Holders of the Series 2016 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2016 A Bonds or the interest thereon.

Bond Insurance Policy

AGM makes no representation regarding the Series 2016 A Bonds or the advisability of investing in the Series 2016 A Bonds. In addition, AGM 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 AGM, supplied by AGM and presented under the heading SECURITY FOR THE SERIES 2016 A BONDS – Bond Insurance, "APPENDIX G – BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND 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 2016 A 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 Underwriters for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Series 2016 A Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$69,755,000
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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 Morgantown, a political subdivision and municipal corporation of the State of West Virginia (the "Issuer"), of $69,755,000 in aggregate principal amount of its Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"). The Series 2016 A 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 February 2, 2016, supplemented by a Supplemental Parameters Resolution adopted by the Council of the Issuer on November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (said ordinance, as so supplemented, is collectively referred to herein as the "Series 2016 A Ordinance").

Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed thereto in the Series 2016 A Ordinance.

The City of Morgantown

The Issuer is a municipality of approximately 30,000 residents, located in Monongalia County, West Virginia (the "County"). The Issuer, through the Morgantown Utility Board (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, the "Water System"), 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, the "Sewer System") and stormwater management and containment service (collectively, the assets specifically including, but not limited to, real and personal property, associated with providing such service, as presently and hereafter existing, the "Stormwater System") to the residents of the Issuer, as well as to customers located in surrounding municipalities and unincorporated areas of the County, both directly as retail customers and through bulk sales to surrounding utilities. Pursuant to the Act, the Issuer enacted an ordinance on September 1, 1987 (as supplemented, the "MUB Ordinance"), creating the Morgantown Utility Board ("MUB") for the purpose of operating, managing and maintaining the Water System and the Sewer System as a combined water and wastewater system under the Act. Pursuant to an ordinance enacted by the Council of the Issuer on May 21, 2002, a stormwater utility was created, the management, control and operation of which was vested in MUB. Pursuant to an ordinance enacted by the Council of the Issuer on May 1, 2007, the Stormwater System, was combined with the existing combined water and wastewater system to create a combined water, wastewater and stormwater system, as authorized by the Act (collectively, the "Combined Utility System").

Pursuant to the Act, the Issuer, through its City Council, retains the following authority with respect to MUB and the Combined Utility System:

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

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

c. Issuance of bonds, notes and other debt obligations secured by the revenues from the Combined Utility System; and

d. Approval of capital projects for the Combined Utility System which are not "in the normal course of business."

DRAFTv1

The Combined Utility System is an "enterprise" of the Issuer and, as such, the Gross Revenues from, and assets of, the Combined Utility System may only be used for the purposes of the Combined Utility System. Gross Revenues are defined in the Series 2016 A Bond Ordinance as: the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" include any gains from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets, including Qualified Investments or any Tap Fees. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

Morgantown Utility Board

MUB has control over, and is responsible for, all aspects of the management, operation, maintenance, expansion and improvement of the Combined Utility System with the exception of the powers specifically reserved to City Council pursuant to the Act, as set forth herein. MUB operates as an independent and autonomous agency of the City, funded entirely from the Gross Revenues of the Combined Utility System.

MUB provides direct potable water service to approximately 26,000 service connections and direct sewer service to approximately 23,100 service connections. The Stormwater System serves 15,200 customers in the City and surrounding unincorporated areas. MUB provides wholesale potable water and/or wastewater conveyance and treatment to a variety of resale customers which serve, in aggregate, approximately 17,700 customers in their respective service territories. See "THE ISSUER AND THE MORGANTOWN UTILITY BOARD" herein.

Use of the Series 2016 A Bonds Proceeds

The net proceeds from the sale of the Series 2016 A Bonds will be applied as follows: (i) to pay, along with the proceeds of the Series 2016 B Bonds and available funds of the Combined Utility System, the costs to design, acquire, construct and equip certain additions, betterments and improvements to the Sewer System of the Combined Utility System (collectively, the "Project," as hereinafter described); (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2016 A Insurance Policy") from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2016 A Bonds; and (iv) to pay costs of issuance of the Series 2016 A Bonds and related costs. See "INTRODUCTION – Concurrent Financing for the Project by the Issuer" and "PURPOSE AND PLAN OF FINANCING" herein.

The portion of the proceeds of the Series 2016 A Bonds to be used to finance the costs of the Project shall be deposited in a segregated account known as the Series 2016 A Bonds Construction Account. The proceeds of the Series 2016 A Bonds will be invested in Permitted Investments pursuant to the Series 2016 A Ordinance.

Concurrent Financing for the Project by the Issuer

In order to finance the costs of the design, acquisition, construction, and equipping of the Project not to be paid from the proceeds of the Series 2016 A Bonds and available funds of the Combined Utility System, the Issuer intends to, simultaneously with the issuance of the Series 2016 A Bonds, issue its Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of $25,000,000 (the "Series 2016 B-1 Bonds) and its Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program-Green), in the aggregate principal amount of $500,000 (the "Series 2016 B-2 Bonds" and, collectively, with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds"). The Series 2016 B Bonds will be purchased by the West Virginia Water Development Authority on behalf of the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund. The Series 2016 B Bonds were authorized by an ordinance of the Issuer enacted on October 4, 2016, as supplemented by a supplemental resolution adopted by the Council of the Issuer on November 1, 2016 (collectively the "Series 2016 B Ordinance"). The West Virginia Department of Environmental Protection, Clean Water State Revolving Fund has issued a commitment letter to MUB confirming the amount, interest rate and tenor of the Series 2016 B Bonds. The Series 2016 B Bonds are not issued on a tax exempt basis and, thus, the Series 2016 A Bonds and the Series 2016 B Bonds are not considered a single issue for federal income tax purposes. Advances of the principal of the Series 2016 B-2 Bonds will be forgiven on the last day of the fiscal year in which such advance is made, until the entire principal amount of the Series 2016 B-2 Bonds is forgiven.

Security and Sources of Payment for the Series 2016 A Bonds

The Series 2016 A Bonds are payable solely from and secured by the Gross Revenues derived from the Combined Utility System of the Issuer, on a parity with the Series 2016 B Bonds and 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 2016 A Ordinance (the Series 2016 A Bonds, with the Series 2016 B 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 2016 A Bonds, and from funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds in, the Series 2016 A Bonds Reserve Account, established for the Series 2016 A Bonds under the Series 2016 A Ordinance. Additionally, the payment of the principal of and interest on the Series 2016 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued by AGM. See "APPENDIX G – BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

The Series 2016 A Bonds are special obligations of the Issuer. The Series 2016 A 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 2016 A Bonds, or the interest or any premium, thereon, except from the Gross Revenues and funds on deposit in the Series 2016 A Bonds Sinking Fund, the Series 2016 A Bonds Reserve Account established therefor, and the unexpended proceeds of the Series 2016 A Bonds. Pursuant to the Series 2016 A 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 2016 A BONDS – Rate Covenant" herein.

The Series 2016 A 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 2016 A BONDS" herein. The Series 2016 A Bonds will initially be maintained under a book-entry system. So long as the Series 2016 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2016 A Bonds shall be determined as described in "APPENDIX C – 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 2016 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent") to the owners thereof at the address appearing in the books kept by United Bank, Inc., 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 2016 A BONDS" herein and "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

There are outstanding obligations of the Issuer which will rank on parity with the Series 2016 A Bonds and the Series 2016 B Bonds as to lien, pledge, source of and security for payment. See "SECURITY FOR THE SERIES 2016 A BONDS" herein. The Issuer may issue additional bonds on parity with the Series 2016 A Bonds, the Series 2016 B Bonds and the Prior Bonds for the purpose of financing the costs of design, acquisition, construction and/or equipping of additions, betterments or improvements to the Combined Utility 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 Utility System or all of such purposes, subject in each case to certain tests and conditions provided for in the Series 2016 A Ordinance, the Series 2016 B Ordinance, and the Prior Ordinances. See "SECURITY FOR THE SERIES 2016 A BONDS – Additional Parity Bonds" herein.

Brief descriptions of the Series 2016 A Bonds, the Project, the Combined Utility System, the Series 2016 A 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 2016 A 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 2016 A Bonds are qualified in their entirety by reference to the form thereof included in the Series 2016 A Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the meanings given to them in the Series 2016 A Ordinance. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

PURPOSE AND PLAN OF FINANCING

The Project

The Series 2016 A Bonds are being issued to: (i) provide funds, along with the proceeds of the Series 2016 B Bonds and available funds of the Combined Utility System, to pay the costs of design, acquisition, construction and equipping of certain additions, betterments and improvements to the Sewer System of the Combined Utility System, specifically including, but not limited to, improvement and expansion of the Star City Wastewater Treatment Plant (the "Star City WWTP") and improvements to the Popenoe Run Interceptor, as more fully described in the following paragraphs, together with all necessary appurtenances (collectively, the "Project"); (ii) fund the Series 2016 A Bonds Reserve Account through the purchase of the Series 2016 A Reserve Policy from the Bond Insurer; (iii) pay the premium for the Series 2016 A Insurance Policy from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2016 A Bonds; and (iv) to pay the costs of issuance of the Series 2016 A Bonds.

The Project has four distinct goals.

1. Increase Treatment Capacity

Increase treatment capacity at the Star City WWTP as part of MUB's Long Term Control Plan (hereinafter defined) (the "LTCP") for management of Combined Sewer Overflows ("CSO's"). Treatment capacity will be increased to 20.8 MGD, allowing CSO discharges throughout the collection system to be reduced, and corresponding increased treatment of the combined sewer flows. While current capacity is 12.0 MGD, recent flows (on an annual average) have approached 11.7 MGD.

2. Improve Processes

Replace obsolete equipment at the Star City WWTP. Fully one third (4.0 MGD of 12.0 MGD) of the existing treatment capacity is provided by rotating biological contactors (the "RBCs"). At approximately 30 years of age, they are now obsolete and are no longer supported by the industry. The 4.0 MGD of RBC capacity will be removed and replaced with 12.8 MGD of state of the art Membrane Bio Reactors ("MBRs"). The 12.8 MGD of MBR capacity will run in parallel with the existing 8.0 MGD of proven and reliable Activated Sludge treatment to provide a total of 20.8 MGD of treatment capacity. Other plant components will also be replaced to totally refurbish the Star City WWTP.

3. Plan for Regional Growth

Provide increased treatment capacity for a growing service area and customer base. The Morgantown area has enjoyed continued long term growth. In addition to general population growth, the service area of MUB steadily expands to serve new areas, either directly or as resale customers. Both trends are expected to continue.

4. Improve Transmission Capacity

Replace and upgrade the existing Popenoe Run Sewer Interceptor ("Popenoe Run"). Popenoe Run is a concrete box culvert, exposed in many areas as it runs along the stream of the same name near the Krepps Park, which is a City owned recreational area and public park. Popenoe Run was constructed nearly eighty years ago. The structure is in poor structural condition and has inadequate conveyance capacity. The replacement pipeline will provide capacity for the existing flow and additional capacity for future demand.

The Morgantown Utility Board opened bids for the Project on September 27, 2016. The Project is divided into 2 construction contracts, and the total construction cost of the Project is $101,300,000. The Morgantown Utility Board anticipates a forty-three (43) month construction period.

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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 2016 A Bonds, Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds and the funding of the Project.

Sources:	Series 2016 A	Series 2016 B-1 (SRF)	Series 2016 B-2 (SRF, Forgivable Loan)	Total
Par Amount of Bonds	$69,755,000.00	$25,000,000.00	$500,000.00	$95,255,000.00
Net Original Issue Premium	4,883,289.00			4,883,289.00
MUB Equity Contribution	2,200,000.00			2,200,000.00
Total Sources	**$76,838,289.00**	**$25,000,000.00**	**$500,000.00**	**$102,338,289.00**

Uses:	Series 2016 A	Series 2016 B-1 (SRF)	Series 2016 B-2 (SRF, Forgivable Loan)	Total
Deposit to Project Fund	$75,902,732.60	$24,902,267.40	$495,000.00	$101,300,000.00
Cost of Issuance*	935,556.40	97,732.60	5,000.00	1,038,289.00
Total Uses	**$76,838,289.00**	**$25,000,000.00**	**$500,000.00**	**$102,338,289.00**

* Includes underwriters' discount (including counsel fees), bond counsel fees, rating agency fees, bond insurance policy fee, reserve policy fees and other costs.

Please see "DEBT SERVICE REQUIREMENTS" herein for a discussion of the structure of, and debt service payable on, the Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

THE SERIES 2016 A BONDS

General

The Series 2016 A Bonds are dated the date of delivery. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Series 2016 A Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds so surrendered. The Series 2016 A 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, 2017, until maturity or until the date fixed for redemption if a Series 2016 A Bond is called for prior redemption and payment on such date as provided for.

Redemption Provisions for Series 2016 A Bonds

Optional Redemption

The Series 2016 A Bonds are subject to redemption at par or at a redemption price of 100%, at the option of the Issuer on or after December 1, 2026, 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 Term Bonds due December 1, 2041 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2037	$2,705,000
2038	$2,845,000
2039	$2,990,000
2040	$3,145,000
2041*	$3,305,000

* Final Maturity

The 4.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$2,220,000
2043	$2,360,000
2044	$2,515,000
2045	$2,670,000
2046*	$2,835,000

* Final Maturity

The 5.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$1,245,000
2043	$1,255,000
2044	$1,260,000
2045	$1,275,000
2046*	$1,285,000

* Final Maturity

Notice of Redemption

Unless waived by any holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2016 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the 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 2016 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2016 A 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 2016 A 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 2016 A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and,

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds. If funds sufficient to redeem all Series 2016 A Bonds called for Optional Redemption have not been deposited with the Paying Agent at the time of mailing 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 2016 A Bonds called for redemption of such fact.

Book Entry Only System

The Series 2016 A Bonds will be issued as fully registered Series 2016 A Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2016 A 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 2016 A Bonds, by 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 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Series 2016 A 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 2016 A Bond, there will be issued another Series 2016 A Bond or Series 2016 A Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Series 2016 A Bond and of the same series, interest rate and maturity of said transferred Series 2016 A Bond. For every exchange or transfer of Series 2016 A Bonds, the Registrar may make a charge 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 2016 A Bonds that have been called for redemption.

Purchasers of the Series 2016 A Bonds will not receive certificates representing their interests in the Series 2016 A Bonds purchased. The Series 2016 A Bonds are available in book-entry form only and will be registered in the name of "Cede & Co." See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM" herein. So long as Cede & Co. is the registered owner of the Series 2016 A Bonds as nominee of The Depository Trust Company, New York, New York, references herein to the Bondholders or registered owners of the Series 2016 A Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2016 A Bonds.

Neither the Issuer nor the Morgantown Utility Board can or does give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2016 A Bonds (1) payments of principal of or interest and premium, if any, on the Series 2016 A Bonds, (2) confirmation of beneficial ownership interest in the Series 2016 A Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2016 A 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, the Morgantown Utility Board 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 2016 A 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 2016 A 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 2016 A Bonds.

SECURITY FOR THE SERIES 2016 A BONDS

The Series 2016 A Bonds are special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. The Issuer is under no obligation to pay the Series 2016 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2016 A Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues derived from the Combined Utility System, on parity with the Series 2016 B Bonds, the Prior Bonds, and any Additional Parity Bonds that may hereafter be issued by the Issuer as permitted by the Series 2016 A Ordinance, and the unexpended proceeds of the Series 2016 A Bonds. The Series 2016 A Bonds are also payable from the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds on deposit in, the Series 2016 A Bonds Reserve Account therein. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein. Gross Revenues derived from the Combined Utility System in an amount sufficient to pay the principal of, and premium, if any, and interest on, the Series 2016 A Bonds and to make the payments into the Series 2016 A Bonds Sinking Fund and to pay all other payments provided for in the Series 2016 A Ordinance, and the funds on deposit in the Series 2016 A Bonds Sinking Fund, and the Series 2016 A Reserve Policy pledged to, and any funds on deposit in, the Series 2016 A Bonds Reserve Account therein, are irrevocably pledged to the payment of the principal of, and premium, if any, and interest on, the Series 2016 A Bonds as the same become due and for other purposes provided in the Series 2016 A Ordinance.

Bond Insurance. The payment of the principal of and interest on the Series 2016 A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2016 A Bonds by AGM. Information with respect to the Bond Insurer and the Series 2016 A Insurance Policy is set forth in "APPENDIX G – BOND INSURANCE," and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

Rate Covenant

Prior to the issuance of the Series 2016 A Bonds, rates and charges for the use of the services and facilities of the Combined Utility System were enacted by the City Council on February 2, 2016 and went into effect on July 1, 2016, 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 Utility System sufficient to make the prescribed payments into the funds and accounts created under the Series 2016 A Ordinance and to pay Operating Expenses. 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 2016 A Ordinance that the schedule or schedules of rates and charges for the Combined Utility 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 E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

Series 2016 A Bonds Reserve Account

The Series 2016 A Bonds Reserve Requirement is $4,209,987.50, which is equal to the least of (i) 10% of the original stated principal amount of the Series 2016 A Bonds; (ii) the maximum amount of principal and interest

which will become due on the Series 2016 A Bonds in any fiscal year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2016 A Bonds. The Issuer will obtain a Municipal Bond Debt Service Reserve Insurance Policy from the Bond Insurer in order to fund the Series 2016 A Bonds Reserve Account in the amount equal to the Series 2016 A Bonds Reserve Account Requirement (the "Series 2016 A Reserve Policy"). In the event funds in the Series 2016 A Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2016 A Bonds, the Paying Agent shall submit a Notice of Nonpayment to the Bond Insurer, which will, pursuant to the Series 2016 A Reserve Policy, pay the Paying Agent sufficient amounts to make payments of principal of and/or interest on the Series 2016 A Bonds as the same becomes due, subject to the Series 2016 A Reserve Policy. If the Series 2016 A Reserve Policy is not in effect, the Paying Agent shall withdraw cash from the Series 2016 A Bonds Reserve Account for transfer to the Series 2016 A Bonds Sinking Fund.

Information with respect to the Bond Insurer and the Series 2016 A Reserve Policy is set forth in "APPENDIX G – BOND INSURANCE" and "APPENDIX I – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" herein. Under the Series 2016 A Reserve Policy, the Issuer is required to repay any draws upon the Series 2016 A 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 2016 A 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 2016 A Reserve Policy will be reduced by, and to the extent of, any payment made pursuant to the Series 2016 A Reserve Policy. Amounts equal to Policy Costs paid to AGM, 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 AGM on account of principal due, the coverage under the Series 2016 A Reserve Policy will be increased by a like amount, subject to the terms of the Series 2016 A Reserve Policy. All cash and investments, if any, in the Series 2016 A Bonds Reserve Account shall be transferred to the Series 2016 A Bonds Sinking Fund for payment of the debt service on the Series 2016 A Bonds before any draw may be made on the Series 2016 A Reserve Policy. The Issuer does not expect there to be any cash or investments in the Series 2016 A Bonds Reserve Account.

If the Series 2016 A Reserve Policy is not in effect, in the event of a transfer from the Series 2016 A Bonds Reserve Account to the Series 2016 A Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2016 A Bonds Reserve Account in an amount up to the Series 2016 A Bonds Reserve Requirement. The transfer of any cash by the Issuer from the Series 2016 A Bonds Reserve Account to the Series 2016 A 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 2016 A Bonds Reserve Fund will be secured only by the Gross Revenues, as defined in the Ordinance, derived from the Combined Utility System and the funds on deposit in the Renewal and Replacement Fund.

The Issuer shall be required to replace the Series 2016 A Reserve Policy, or fund the Series 2016 A Bonds Reserve Account with cash, only in the event that the Bond Insurer, or its successor or assign, ceases to be licensed by a state of the United States of America to provide such Series 2016 A 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 2016 A Bonds Reserve Account to satisfy the Series 2016 A Bonds Reserve Requirement therefore.

Working Capital Reserve

Pursuant to Chapter 24, Article 1, Section (k) of the Code of West Virginia, 1931, as amended (the "State Code"), effective June 12, 2015, the Combined Utility 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 MUB for the July 1, 2016 to June 30, 2017 fiscal year includes the Working Capital Reserve. In the event that any audited or unaudited year-end financial statement of the Combined Utility 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 2016 A Bonds.

Application of Gross Revenues

The entire Gross Revenues derived from the operation of the Combined Utility 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, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Sinking Funds of the Prior Bonds, the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; (ii) commencing seven (7) months prior to the first interest payment date of the Series 2016 A Bonds, simultaneously for deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2016 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than seven (7) months, then such monthly payments shall be decreased or increased proportionately to provide, one (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 there shall be credited against the amount deposited any interest capitalized from the proceeds of the Series 2016 A Bonds and applied to such payment; and (iii) simultaneously for deposit in the Sinking Fund for the Series 2016 B-1 Bonds, the amount required by the Series 2016 B Ordinance to pay interest on the Series 2016 B-1 Bonds. All payments of interest on the Prior Bonds, the Series 2016 A Bonds, and the Series 2016 B Bonds shall be pro rata.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Sinking Funds of the Prior Bonds, the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2016 A Bonds, simultaneously for deposit in the Series 2016 A Bonds Sinking Fund and in the Series 2016 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, one (1) month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date; (iii) simultaneously for deposit in the Sinking Fund for the Series 2016 B-1 Bonds, the amount required by the Series 2016 B Ordinance to pay the principal of the Series 2016 B-1 Bonds; and (iv) simultaneously for deposit in the Sinking Fund for the Series 2016 B Bonds, the amount required by the Series 2016 B Ordinance to pay principal on the Series 2016 B Bonds. All payments of principal on the Prior Bonds, the Series 2016 A Bonds, and the Series 2016 B Bonds shall be pro rata.

Monies in the Series 2016 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 A Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2016 A Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2016 A Bonds Reserve Account Requirement. Pending such use, such monies shall be invested in accordance with the Series 2016 A Ordinance.

Monies in the Series 2016 B-1 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2016 B-1 Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2016 B-1 Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2016 B-1 Bonds Reserve Account Requirement. Pending such use, such monies shall be invested in accordance with the Series 2016 B Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent: (i) simultaneously for deposit in the Reserve Accounts of the Prior Bonds, the amount required by the Prior Ordinances; (ii) in the event that the Series 2016 A Reserve Policy is no longer in effect, simultaneously for deposit in the Series 2016 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than four (4) equal monthly payments,

and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal, respectively, to the Series 2016 A Bonds Reserve Requirement; and (iii) in the event that the Series 2016 B-1 Reserve Account decreases in value to amount less than the Series 2016 B-1 Reserve Account Requirement, simultaneously for deposit in the Series 2016 B-1 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2016 B-1 Bonds Reserve Account below the Series 2016 B-1 Reserve Account Requirement or any withdrawal from the Series 2016 B-1 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 B-1 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 B-1 Bonds Reserve Account is less than the Series 2016 B-1 Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 B-1 Bonds Reserve Account for deposit into the Series 2016 B-1 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 B-1 Bonds Reserve Account to an amount equal to the Series 2016 B-1 Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2016 B-1 Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than four (4) equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 B-1 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 B-1 Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal, respectively, to the Series 2016 B-1 Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund the current Operating Expenses of the Combined Utility System.

(5) The Issuer shall next, from the monies remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to not less than 2.5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. 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 and extensions to the Combined Utility 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 thereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Enforcement of Collections

The Issuer covenants in the Series 2016 A Ordinance to diligently enforce and collect all fees, rentals or other charges for the services and facilities of the Combined Utility 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 Utility 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 Utility System and will not restore such services of the Combined Utility System until all billing for charges for the services and facilities of the Combined Utility System, including penalties and reconnect fees, have been fully paid, or the customer has entered into a payment agreement. For additional information on MUB's collection policy and history, see "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – MUB Retail Customer Collection Process" and "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – MUB Retail Customer Uncollectible Accounts" herein.

Additional Parity Bonds

So long as the Prior Bonds, Series 2016 B-1 Bonds or Series 2016 B-2 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the Combined Utility System shall be issued after the issuance of the Series 2016 A Bonds pursuant to the Ordinance,

except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping additions, betterments or improvements for the Combined Utility System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, the Prior Bonds, and/or any series of Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the Combined Utility 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 an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the Combined Utility 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 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds then Outstanding;

(3) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances, the Series 2016 A Ordinance and the Series 2016 B Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such 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.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Accountant, as stated in a certificate on account of increased rates, rentals, fees and charges for the Combined Utility 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 in this section, shall be deemed to mean additional bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the Combined Utility System on a parity with the Series 2016 A Bonds, the Series B-1 Bonds, the Series B-2 Bonds and the Prior Bonds, and all the covenants and other provisions of the 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 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the 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 2016 A Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in the Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance. See "APPENDIX E – FORM OF SERIES 2016 A BOND ORDINANCE" herein.

Provided, however, that if the audit by an Independent Certified Public Accountant for the Combined Utility System for the Fiscal Year immediately preceding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in the Series 2016 A Ordinance for the year being audited and the Issuer has, as required by the Series 2016 A Ordinance, enacted a rate ordinance changing the rates and charges for the Combined Utility System to comply with the Series 2016 A Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of the Series 2016 A Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under the Series 2016 A 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 Combined Utility System and to refinance the Bonds and any hereinafter issued Additional Parity Bonds. See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" herein.

Special Limited Obligations

The Series 2016 A 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 2016 A Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2016 A Bonds or the interest or any premium thereon.

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 2016 A Bonds, of the Series 2016 A Insurance Policy and the Series 2016 A Reserve Policy. Information regarding the Bond Insurer, the Series 2016 A Insurance Policy and the Series 2016 A Reserve Policy, specifically including "APPENDIX G – BOND INSURANCE," "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY," and "APPENDIX I – 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 nor the Underwriters 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 H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "APPENDIX I – SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY" for specimens of the Series 2016 A Insurance Policy and the Series 2016 A Reserve Policy, which should be read in their entirety.

Series 2016 A Insurance Policy

Concurrently with the issuance of the Series 2016 A Bonds, the Bond Insurer will issue the Series 2016 A Insurance Policy for the benefit of the holders of the Series 2016 A Bonds. The Series 2016 A Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2016 A Bonds when due as set forth in the form of the Series 2016 A Insurance Policy included as an appendix in this Official Statement.

The Series 2016 A Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Series 2016 A Reserve Policy

Concurrently with the issuance of the Series 2016 A Bonds, the Bond Insurer will issue the Series 2016 A Reserve Policy for the Series 2016 A Bonds. The Series 2016 Reserve Policy is issued in an amount equal to the Series 2016 A Reserve Requirement and is pledged to the Series 2016 A Bonds Reserve Account.

THE ISSUER AND THE MORGANTOWN UTILITY BOARD

The City of Morgantown is the county seat of Monongalia County, located along the Monongahela River and close to the Pennsylvania border in north central West Virginia. Morgantown is the home of West Virginia University, the largest institution of higher education in the State with an annual enrollment of approximately 29,000 students. The City is the medical, cultural, and commercial hub of the region. The population of Morgantown is estimated to be 30,000.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County was the only north central county to realize population growth for the last 20 years, and it has been one of the fastest growing counties in the State over the last two decades.

Morgantown and Monongalia County have consistently seen some of the lowest unemployment rates in the State. Major employers in the area include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, and West Virginia University.

One-half of the population of the United States and one-third of the population of Canada is within a 500-mile radius of Morgantown. The City is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets. See "APPENDIX A – THE CITY OF MORGANTOWN (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA" herein.

Audited Financial Statements

The Series 2016 A Bonds are payable only from the Gross Revenues of the Combined Utility System, which are pledged to their payment, and the unexpended proceeds of the Series 2016 A Bonds. No other funds of the Issuer are available for, or expected to be used to, pay the principal of, or interest on, the Series 2016 A Bonds. Likewise, the Gross Revenues of the Combined Utility 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 the Morgantown Utility Board for the fiscal year ended June 30, 2016 are included in Appendix B herein. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016" herein.

Morgantown Utility Board

The Morgantown Utility Board is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services directly to the residents of The City of Morgantown and to customers in certain surrounding municipalities and unincorporated areas of Monongalia County, as well as bulk water sales and sanitary sewer transmission and treatment to certain potable water and wastewater utilities owned and operated by nearby municipalities and public service districts (collectively, the "Resale Customers"). MUB was created in 1987 by ordinance enacted on September 1, 1987 by the Council of The City of Morgantown under the provisions of the Act. The former Morgantown Water Commission and the Morgantown Sanitary Board were merged in 1987 to create MUB and the combined waterworks and sewerage system. On May 21, 2002, the Council of the Issuer enacted an ordinance creating a stormwater utility and expanding the authority of MUB to include the Stormwater System. By ordinance enacted on May 1, 2007, the City Council enacted an ordinance combining the existing combined waterworks and sewerage system and the Stormwater System to create a combined waterworks, sewerage and stormwater system which presently exists.

MUB has provided bulk water sales and sewerage treatment under longstanding mutually beneficial arrangements with surrounding public utilities. MUB benefits from strong working relationships with these bulk customers, often providing other services such as repairs and billing. While MUB does not have long term contracts with these utilities, the practical constraints created by regulatory requirement, state utility regulation and the economies of scale which MUB enjoys would make any other arrangement for these bulk customers difficult to realize.

The Combined Utility System includes direct potable water service to approximately 26,000 connections and direct sewer service to approximately 23,100 service connections. MUB also provides bulk water sales to approximately 12,500 customer accounts and bulk sewerage treatment for surrounding districts. The Stormwater System serves 15,200 customers.

MUB's assets are valued at over $223,000,000. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016"

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herein. These assets include the main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and the water treatment plant in Morgantown. In addition, the Combined Utility System includes approximately 411 miles of water distribution lines, 298 miles of sewerage collection and transmission lines, and approximately 225 miles of stormwater management lines. MUB operates with approximately 150 employees.

MUB Board of Directors

Pursuant to the Act and the MUB Ordinance, MUB is overseen and directed by a Board of Directors appointed by the City Council (the "Board"). The Board is comprised of five residential customers of MUB appointed for staggered terms of five years. In addition to being customers of the Combined Utility System, up to two MUB members may be residents of Monongalia County residing outside of the Issuer's corporate boundaries. The remaining three members must be residents of the Issuer. The Board is responsible to oversee the management, control and operation of the Combined Utility System. The Board selects a chairman and other officers from its members annually. The names, offices and summary biographical information of the current members of the Board are set forth below:

JT Straface was born and raised in Morgantown, has been a member of the Board since 2003, and currently serves as Board chairman. Mr. Straface is a graduate of Morgantown's former St. Francis High School and West Virginia University School of Mines where he received a BS degree in mining engineering. Mr. Straface owns and operates a number of successful small businesses in the Morgantown area. Mr. Straface's term expires on November 11, 2017.

Ron Bane is a lifelong resident of Morgantown and has served as a member of the Board since 2005 where he serves as vice-chairman. Dr. Bane currently serves as manager at West Virginia University Health Care, has served on the Morgantown City Council for 12 years and continues to serve in that capacity. Dr. Bane holds a BA in political science, a MS in safety studies, a MBA, and a Ph.D. in safety engineering. In addition, Dr. Bane has served on the Mountain Line Transit Authority for 7 years, Parking Authority for 4 years, and Traffic Commission for 4 years. Dr. Bane's term expires on November 11, 2019.

Frank Scafella taught in the English Department at West Virginia University for 30 years from 1969 to 1999. He served on Morgantown City Council for 16 years, 1991 to 2007, and as Mayor of Morgantown for four years, 1998 to 2002. Dr. Scafella retired from WVU in 1999 and from Morgantown City Council in 2007. Dr. Scafella joined the Board in 2009 and currently serves as secretary. Dr. Scafella is a native of Morgantown, served in the U.S. Marine Corps from 1954 to 1960, and serves as executive director of the Campus Neighborhoods Revitalization Corporation, known locally as "Sunnyside Up," on a part-time basis. Dr. Scafella obtained a BA from West Virginia University in 1964, and a MA and a Ph.D. from The University of Chicago in 1972. Dr. Scafella's term expires on November 11, 2016.

John Ganz has been a Morgantown resident since 1989 and currently works with the U.S. Department of Energy as a regulatory compliance officer. Mr. Ganz has served on the Board since 2011; however, his association with MUB spans many years beyond that. Mr. Ganz has been involved in extensive institutional research facilities operations and regulatory compliance interface with MUB while working for the U.S. Dept. of Energy's National Energy Technology Lab (NETL) in Morgantown. Within this work at NETL, Mr. Ganz interfaced with MUB personnel and public utility facilities and services at NETL in the areas of general site operations, research facilities activities, hazardous waste treatment, and environmental protection. Mr. Ganz has more than 38 years professional career experience in the areas of regulatory compliance, project planning, facilities operations, and environmental protection. Mr. Ganz attended Potomac State College, Keyser, WV and received a BS Agriculture from Arizona State University, Tempe, AZ. Mr. Ganz's term expires on November 11, 2020.

William Rice is a retired engineer, and has brought a host of directly relevant experience and skills to MUB since joining the Board in 2013. This includes service on the County Commission's Water and Wastewater Committee as well as the Sewage Advisory Board for the West Virginia Department of Health. Mr. Rice currently serves on the West Run Board of Zoning Appeals for the County Commission and as chairman of the Citizen's Advisory Committee for the Greater Morgantown Metropolitan Planning Organization (MPO). As a resident of Bakers Ridge Road, Mr. Rice represents the first MUB Board member to reside outside Morgantown city limits. Mr. Rice's term expires on November 11, 2018.

MUB Professional Management

Timothy L. Ball – General Manager

Timothy L. Ball was appointed as the General Manager of the Morgantown Utility Board in October, 2010. Before serving as the General Manager, Mr. Ball served as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board for 14 years.

Mr. Ball joined MUB as its Senior Engineer in early 1988. He was instrumental in the development of operating plans and upgrade projects for the newly expanded utility. He contributed similarly to the recent startup of the stormwater utility at MUB.

Mr. Ball holds BS and MS degrees in Civil Engineering from West Virginia University. He earned a MBA from WVU in 2000. He is a registered Professional Engineer and is also a licensed Land Surveyor. He has taught both civil engineering and business management courses at his alma mater.

Mr. Ball was appointed as an inaugural member and continues to serve on the West Virginia State Public Water System Supply Study Commission. That Commission was created in 2014 by Senate Bill 373, in response to a chemical leak that disrupted water supply to 300,000 persons in and around Charleston, WV. The Commission is charged with the responsibility to advise and report to the Legislature on matters related to implementation of Senate Bill 373 and protection of the State's drinking water sources.

Mr. Ball has been recognized by his peers as a leader in the utility industry. He served as Chair of the West Virginia section of the American Water Works Association (AWWA) in 1992, and served on the National Board of Directors of AWWA from 2000 to 2003. In 1994, he received from AWWA the George Warren Fuller Award for service to the water industry. He was recognized as the Young Engineer of the Year in 1988 by the West Virginia Society of Professional Engineers, and is a member of the Tau Beta Pi and Chi Epsilon engineering honoraries. Mr. Ball actively participates in several other utility industry groups including the West Virginia Rural Water Association, the Water Environment Federation, and the West Virginia Municipal Water Quality Association. He often speaks to state and national water industry audiences on the topics of leadership, effectiveness, strategic planning, and stormwater management.

Douglas R. Smith – Assistant General Manager/Chief Engineer

Douglas R. Smith was appointed as the Assistant General Manager and Chief Engineer of the MUB in October 2010. Before serving as the Assistant General Manager and Chief Engineer, Mr. Smith served as a Senior Engineer of MUB for 14 years. He was instrumental in the startup of the stormwater utility and continues to be intimately involved in the establishment of rules and regulations set by the West Virginia Department of Environmental Protection and the Public Service Commission of West Virginia.

Mr. Smith holds a BS degree in Civil Engineering and a MBA from West Virginia University. He is also a registered Professional Engineer.

Mr. Smith served on the board of the West Virginia Section of the American Water Works Association for eight years and served as Chairman from 2006-2007. He currently serves as a board member for the West Virginia Rural Water Association. In 2008, he received the George Warren Fuller Award for service to the water industry.

Debbie Osborne – Comptroller

Debbie Osborne is the Comptroller of the Morgantown Utility Board. She manages both the Financial and Customer Information Systems. She is responsible for the preparation of budgets and financial reporting statements as well as all business and accounting operations of MUB.

She and her staff are responsible for the customer service functions for all retail water, sewer, and stormwater customers as well as providing these services for many neighboring utilities.

Ms. Osborne holds the degrees of BS in Business Administration and MPA, both awarded by West Virginia University. Prior to joining MUB in 1989, she worked for six years as an accountant for West Virginia University.

Timothy Stranko – General Counsel

Timothy Stranko is a resident of The City of Morgantown. He has served as MUB's general counsel since 1996. He also serves as General Counsel to the West Virginia Municipal League. Mr. Stranko is a member of the West Virginia Bar and a Commissioner of the Morgantown Planning Commission. He holds a BS in engineering from the U.S. Military Academy at West Point, a law degree from the University of Pittsburgh and a MBA from West Virginia University. Mr. Stranko is a retired from service as an officer in the U.S. Army Infantry and Corps of Engineers. He has enjoyed a number of military honors and awards, including service as a U.S. Army Ranger.

Dave Rife – Distribution Superintendent

Dave Rife manages MUB's Distribution Department which is responsible for the maintenance and construction of the water distribution and sewerage collection systems. In addition, Mr. Rife is responsible for MUB's vehicle fleet and its inventory and purchasing operation. Mr. Rife has been a MUB employee since 1983. He has worked at nearly every assignment in the department that he now manages.

Greg A. Shellito – Manager of Treatment and Production Facilities

As Manager of Treatment and Production Facilities, Greg A. Shellito manages all of MUB's treatment and pumping operations. He and his staff are responsible for the operation and maintenance of the Morgantown Water Treatment Plant, the Morgantown Wastewater Treatment Plant, and the newly acquired Cheat Lake Wastewater Treatment Plant. In addition, Mr. Shellito is responsible for 15 pumping systems serving 38 water storage tanks throughout the water distribution system, totaling 73 wastewater lift stations in the two collection systems. Mr. Shellito also acts as MUB liaison to regulating federal and state agencies.

Prior to appointment his current position, Mr. Shellito served as Superintendent and Plant Engineer of the Wastewater Treatment Plant. He holds BS degrees in biology and chemistry from Gannon University in Erie, Pennsylvania, and a MS in biology from West Virginia University. Mr. Shellito is an Environmental Engineer and is certified as a Registered Engineer in Training. He has been a licensed Class IV wastewater treatment plant operator since 1988.

Mr. Shellito has published several articles in national professional journals. He is a member of several professional associations, including the West Virginia Water Environment Association, which he served as President, the American Water Works Association and the Rural Water Association.

Chris Dale – Director of Communications

Chris Dale joined MUB in 2012 and provides oversight of public outreach activities. Prior to joining MUB, he served as a visiting instructor at West Virginia University for 12 years and as a public affairs officer for the American Red Cross for 13 years where he managed crisis and emergency communications. He is a veteran of the US Army having served as a medic in the 3rd Infantry Division.

Mr. Dale maintains mub.org, ensures that area residents remain informed of MUB activities, maintains relationships with members of the media and community leaders, continuously monitors traditional and social media, plans and conducts various outreach events, consults with MUB leadership on internal/external impacts of policy changes, provides customer service for demanding customers as well as 24/7 social media support, writes and designs various internal and external communication vehicles, and maintains MUB's crisis communications plan.

Mr. Dale holds a BA in Psychology and a MS in Journalism with a specialization in public relations, both from West Virginia University.

MUB Personnel

MUB employs approximately 150 individuals. Of that number, approximately 36 are assigned to the Treatment and Production Facilities Department, approximately 74 are assigned to the Distribution Department and 40 are assigned to Administration. All employees are available to work on any aspect of the three utilities, while employee and equipment time, as well as materials, are tracked and allocated to each of the three utilities. Employees are cross-trained in each Department and succession plans for key leadership positions throughout MUB are regularly reviewed and updated.

Employees of MUB are employed directly by MUB, not the Issuer. MUB employees are not represented by a collective bargaining unit. The City Charter expressly prohibits employees of the City and MUB from

organizing collective bargaining units. MUB employees are required to participate in group medical insurance and retirement plans.

MUB Business Philosophy

MUB has several keystone practices that guide its business approach. One is that of minimizing reliance upon outside services, and doing as much as possible with its own staff. In addition to staffing for regular O&M, MUB maintains sufficient personnel and equipment to field two to three full time construction crews. Doing so allows MUB to construct system extensions and perform renewal and replacement work at lower cost, and with less preparation time, than would be required using outside contractors. Engineering staffing is similarly robust and beneficial.

The pursuit of value, rather than minimizing immediate cost, is also a key practice of MUB. An easy example is the purchase of premium efficiency pump motors. A premium efficiency pump motor may cost 10% more than a standard efficiency motor, but will yield reduced electrical consumption to pay for its incremental cost in just two or three years, while providing continued savings for decades more. MUB invests for value at every purchase opportunity.

MUB requires that system expansions be self-supporting. Line extensions to newly developed areas are performed by MUB at the expense of the developer. Line extensions to existing unserved areas are designed and constructed by MUB at the expense of the new customers to be served. Acquisition of other systems is accomplished at a zero purchase price other than assumption of the acquired system's existing debt, in which case the associated debt service continues to be paid by the acquired customers on the acquired system through a separate rate schedule for the acquired area.

MUB Governance

The municipal governmental structure in which MUB was created and continues to operate is designed to provide professional, apolitical, oversight and management of the Combined Utility System. The Board, while appointed by City Council, operates with near total autonomy. The only aspects of MUB which remain subject to City Council approval are establishment of rates and charges, the issuance of bonds, and approval of large capital projects, all of which require the enactment of an ordinance by City Council.

As a subunit of the City, MUB does not participate in political issues. MUB does, however, regularly work with political bodies to further MUB's mission.

For example, municipal ordinances to establish enforceable standards related to utility services are routinely drafted and proposed by MUB, and subsequently implemented by City Council as needed. Similarly, MUB's occasional acquisition of surrounding utilities requires and receives the cooperation of The County Commission of Monongalia County.

Similarly, MUB works closely with the West Virginia Legislature occasionally on its own behalf, but more often through the West Virginia Rural Water Association ("WVRWA") and/or the West Virginia Municipal League. MUB is well regarded in both organizations by virtue of its recognized leadership in the State and region. Two legislative initiatives in which MUB played a key role deserve special mention.

The first is House Bill 4619, enacted March 2002, which allowed the creation of stormwater utilities in West Virginia. MUB recognized early when regulations applying to municipal separate storm sewer systems (known as "MS4's") were newly issued, that MUB was better suited to meet the regulations than was the Morgantown Street Department which had responsibility for the Morgantown storm system at the time. MUB drafted a bill, obtained sponsors, and advocated successfully at the State Legislature for its passage, modifying the State code to authorize creation of locally owned and operated stormwater utilities. MUB then worked with City Council to enact the necessary ordinances to create the State's first stormwater utility under MUB. Since that time, MUB's Stormwater System has served as a model for others in the State and region.

The second is Senate Bill 234, enacted in March 2015, which reduced the regulatory authority of the Public Service Commission of West Virginia ("PSC") over the state's largest publicly owned water and/or sewer utilities. Excessive regulation of rates by the PSC was widely perceived to have suppressed and/or discouraged justifiable rate increases, thus leaving utilities without adequate revenues to fund proper O&M activities. Similarly, the PSC capital project approval process ("Certificate of Convenience and Necessity") was widely viewed as an unproductive and expensive review that added little or no value, but often delayed work as much as a year. In 2014, a report by an internationally recognized ratings organization cited excessive regulation as a significant credit risk

arising from West Virginia's regulatory scheme. To address this issue, MUB drafted and proposed to the Legislature Senate Bill 234, and working with its partners at WVWRA and West Virginia Municipal League, obtained multiple sponsors from the leadership in both houses of the Legislature, and successfully advocated for its passage. See "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – State Utility Regulation" and "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES – Rate Setting and Project Approval Process" herein.

The above examples illustrate MUB's willingness and ability to achieve Legislative solutions to issues. MUB also monitors legislation each year and provides insight to the West Virginia Legislature on the potential impact of proposed bills.

MUB Fiscal Policies

The Board has adopted a comprehensive Statement of Investment Policy. The statement outlines broad investment policies to include delegation of certain authority to the General Manager, investment objectives, collateralization of deposits, protection of funds, permitted investments, investment of bond proceeds and investment reporting.

The Board recently formalized MUB's long-standing practices regarding cash management through the adoption of a Liquidity Policy. The Liquidity Policy establishes a stated goal for MUB to maintain between 110 – 140 days of operation and maintenance expense in unrestricted cash and cash equivalents available for unexpected economic and operational events. The Liquidity Policy assumes daily operation and maintenance expense of $40,000, which results in available liquid assets of $4,400,000 to $5,600,000.

MUB's combined cash reserves are currently and temporarily reduced by the unique costs related to planning and design of the proposed water and sewer improvements. MUB typically funds the start-up costs of bond financed projects "out of pocket". Those costs are then reimbursed to MUB immediately upon closing of the bond issue for the project. For the Project and the Water Reservoir Project the anticipated reimbursement will be $4,500,000 combined from the Series 2016 A Bonds and Series 2016 B Bonds, and up to $1,000,000 from the Series 2017 A Bonds, respectively. See "THE COMBINED UTILITY SYSTEM – MUB Water System – Water Reservoir Project" herein.

MUB PENSION OBLIGATIONS

As authorized by state law and required by City ordinance, MUB employees are enrolled in The City of Morgantown Employees' Retirement and Benefit Fund. Employees contribute 5.95% of their compensation. MUB likewise contributes an actuarially determined share toward each employee account, currently at 13.23% of payroll. See "MUB Personnel" herein.

The pension fund is managed by an elected Board of Trustees and its agents. The fund is estimated to be 82.72% funded as of June 30, 2016. MUB's share of the unfunded pension liability as of June 30, 2016 was $7,500,000.

As of the July 1, 2011 actuarial valuation, the Board of Trustees adopted a closed amortization period of 25 years to amortize the unfunded liability.

Of the 13.23% of payroll currently contributed by MUB, 6.91% goes toward the amortized unfunded liability. The remaining 6.32% of payroll is MUB's actuarially determined normal contribution.

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THE COMBINED UTILITY SYSTEM

MUB Combined Utility System Retail Customer History

The average number of retail customers for the Combined Utility System for the past 12 Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*	*Stormwater Customers*	*Stormwater Growth Percentage*
2004	21,434	–	15,041	–	–	–
2005	21,641	1.0%	15,468	2.8%	–	–
2006	22,400	3.5%	15,958	3.2%	–	–
2007	22,442	0.2%	16,547	3.7%	–	–
2008	22,930	2.2%	16,982	2.6%	14,026	–
2009	23,333	1.8%	17,488	3.0%	14,311	2.0%
2010	23,786	1.9%	18,105	3.5%	14,428	0.8%
2011	24,129	1.4%	18,747	3.5%	14,535	0.7%
2012	24,509	1.6%	19,063	1.7%	14,616	0.6%
2013	25,261	3.1%	19,752	3.6%	14,620	0.0%
2014	25,459	0.8%	20,495	3.8%	14,623	0.0%
2015	25,748	1.1%	21,827	6.5%	14,850	1.6%
2016	25,909	0.6%	22,124	1.4%	15,173	2.2%

MUB Water System

The Water System provides retail potable water service to approximately 26,000 customers. Water System facilities include, but are not limited to, approximately 411 miles of transmission pipe, a 16 million gallon per day (MGD) water treatment plant, 15 booster pumping stations, and 34 water storage tanks with a combined volume of 18.8 million gallons. The water treatment plant was recently significantly upgraded, the design for which began in 2009. Construction of the overall water treatment plant upgrade began in 2010 and was completed in 2012. The project replaced the existing Monongahela River intake structure, added a membrane filtration process, expanded clear well storage and updated and improved the various chemical feed systems. The improved water treatment plant has an immediate capacity of 16 MGD, and can be incrementally expanded to 24 MGD. The Board expects to add capacity to the Water System with the construction of a new raw water reservoir which is to be financed with the proceeds of the Series 2017 A Bonds (herein defined). See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" and "THE COMBINED UTILITY SYSTEM – MUB Water System – Water Reservoir Project" herein.

MUB Water System – Service Area

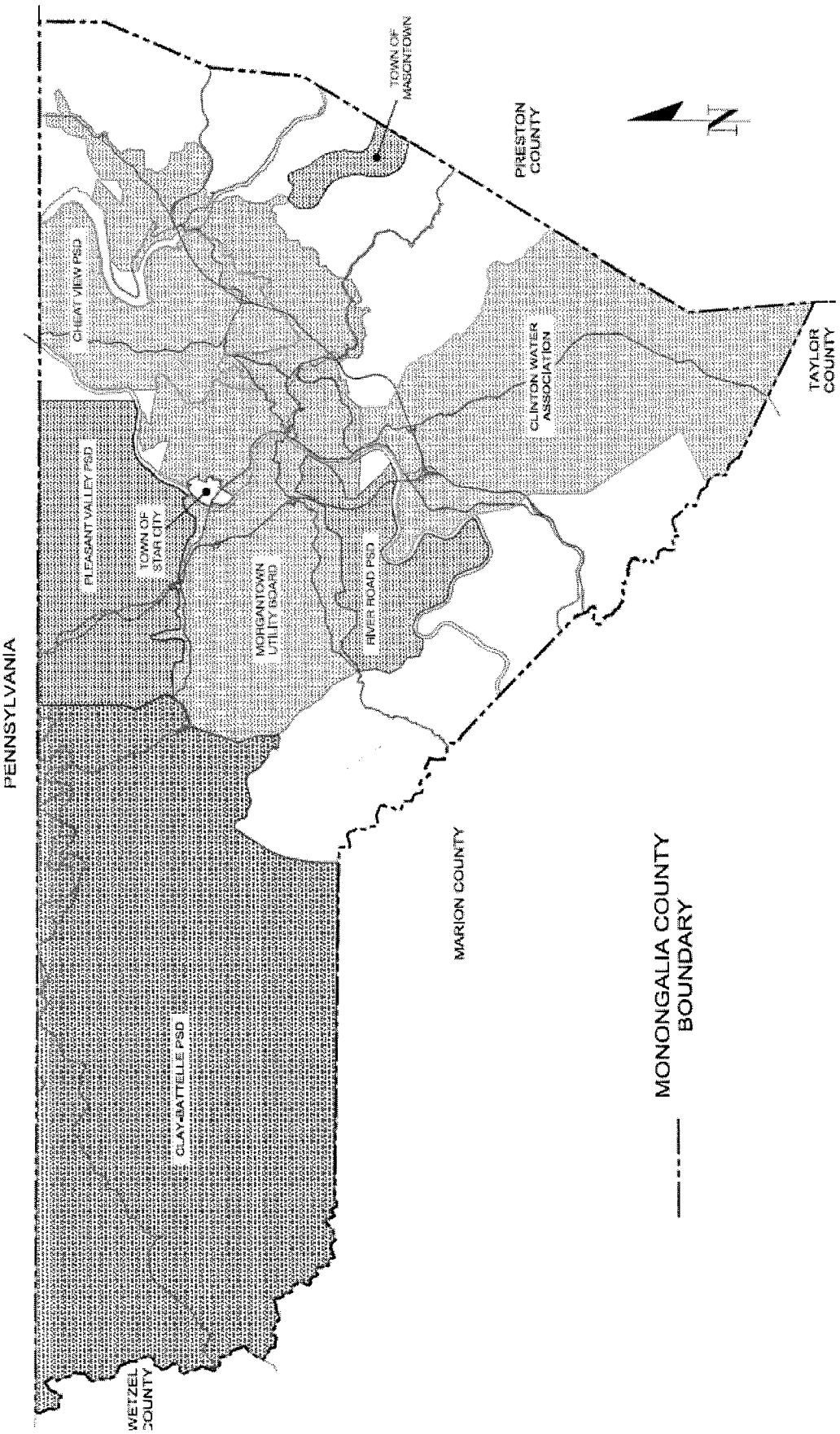
MUB's Water System retail service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 52.6 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service industry customers.

In addition to MUB's retail customers, MUB sells bulk water to seven (7) separate adjacent public water utilities: Cheat View Public Service District, Clinton Water Association, Clay Battelle Public Service District, Pleasant Valley Public Service District, the Town of Masontown, the Town of Star City, and River Road Public Service District (collectively, the "Water Resale Customers"). The Water Resale Customers utilize the purchased water to provide retail potable water service to nearly 12,500 customers within their respective service territories.

Set forth on the next page is a map which reflects the retail service area of the Water System, as well as the general geographic boundaries of the Water Resale Customers.

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PENNSYLVANIA
WETZEL COUNTY
MARION COUNTY
PRESTON COUNTY
TAYLOR COUNTY
CHEAT VIEW PSD
PLEASANT VALLEY PSD
TOWN OF STAR CITY
CLAY-BATTELLE PSD
MORGANTOWN UTILITY BOARD
RIVER ROAD PSD
CLINTON WATER ASSOCIATION
TOWN OF MASONTOWN
N
MONONGALIA COUNTY BOUNDARY

MUB Water System – Customer Data

The following table sets forth the total potable water sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$1,612,454	$543,406	$271,161	$489,794	$733,334	$3,650,149
2005	$1,777,410	$607,448	$279,839	$573,558	$804,658	$4,042,913
2006	$2,081,586	$724,988	$288,567	$677,270	$891,085	$4,663,496
2007	$2,084,269	$784,141	$239,092	$658,889	$958,133	$4,724,524
2008	$2,103,110	$867,818	$252,077	$584,108	$957,550	$4,764,663
2009	$2,318,377	$929,036	$275,450	$549,397	$1,150,244	$5,222,504
2010	$2,343,293	$984,890	$265,091	$531,366	$1,197,923	$5,322,563
2011	$2,392,492	$1,033,362	$285,208	$518,649	$1,178,934	$5,408,645
2012	$3,223,346	$1,494,901	$455,788	$718,485	$1,733,959	$7,626,479
2013	$4,145,424	$2,103,342	$638,978	$989,990	$2,232,964	$10,110,698
2014	$4,095,556	$2,113,502	$672,972	$978,035	$2,324,122	$10,184,187
2015	$4,072,301	$1,955,425	$824,349	$916,151	$2,354,942	$10,123,168
2016	$4,035,841	$1,934,279	$800,615	$919,494	$2,275,727	$9,965,956

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Cheat View PSD*	266,858	$678,045.14
2	Clinton Water Association*	250,998	$637,887.54
3	West Virginia University	130,619	$367,118.00
4	Mylan Pharmaceuticals	133,982	$348,007.30
5	Clay Battelle PSD*	123,838	$314,274.94
6	Addivant	100,127	$256,269.90
7	Pleasant Valley PSD*	85,350	$221,808.58
8	Star City Water System*	70,841	$184,411.39
9	WVU Hospitals	69,646	$181,244.53
10	Morgantown Energy Association	73,845	$174,654.80
	Totals	**1,306,104**	**$3,363,722.12**

*Resale Customer

The total Water System Gross Revenue for the fiscal year ended June 30, 2016 was $9,966,000. The ten largest water users represented 34% of the Water System Gross Revenue.

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MUB Water System – Water Resale Customers

The following tables set forth information regarding MUB's Water Resale Customers for the fiscal years indicated.

MUB Water Resale Customers – Resale Customer Count*

Resale Customer	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	3,721	3,512	3,625	3,512	3,286
Clinton Water Ass'n	3,524	3,537	3,384	3,332	3,319
Clay Battelle PSD	1,647	1,646	1,641	1,635	1,626
Pleasant Valley PSD	947	945	937	931	921
Town of Masontown	921	910	902	802	799
Town of Star City	900	886	876	880	882
River Road PSD	774	750	633	622	612
Total	**12,434**	**12,186**	**11,998**	**11,010**	**11,445**

MUB Water Resale Customers – Annual Gallons Bulk Water Purchased from MUB (000's omitted)**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	266,858	252,158	243,707	245,167	253,678	274,725
Clinton Water Ass'n	250,998	260,134	262,033	245,336	246,707	242,779
Clay Battelle PSD	123,838	124,343	135,788	124,374	141,603	139,119
Pleasant Valley PSD	83,350	108,955	115,482	107,160	98,448	111,387
Town of Masontown	42,701	45,016	40,794	38,705	36,548	37,351
Town of Star City	70,841	77,925	78,984	87,600	87,840	77,566
River Road PSD	51,643	46,288	41,902	42,116	39,949	43,333
Total	**892,229**	**914,819**	**918,690**	**890,458**	**904,773**	**926,260**

MUB Water Resale Customers – Annual Bulk Water Purchases from MUB**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	$678,045	$645,044	$619,372	$629,950	$466,255	$350,376
Clinton Water Ass'n	$637,888	$662,239	$667,767	$625,524	$626,695	$312,417
Clay Battelle PSD	$314,275	$315,531	$344,507	$314,785	$261,038	$178,404
Pleasant Valley PSD	$221,809	$299,439	$310,514	$298,866	$203,685	$145,842
Town of Masontown	$108,998	$113,725	$104,587	$99,030	$70,406	$48,090
Town of Star City	$184,411	$205,611	$203,983	$131,400	$118,954	$100,922
River Road PSD	$130,028	$118,073	$107,129	$107,518	$76,054	$55,799
Total	**$2,275,454**	**$2,359,662**	**$2,357,859**	**$2,207,499**	**$1,823,087**	**$1,191,850**

For the fiscal year ending June 30, 2016, sales of bulk water to the Water Resale Customers represented 22.83% of the Water System's Gross Revenue.

* Information gathered from Annual PSC Reports of Resale Customers
** Source: Morgantown Utility Board

MUB Water System – Water Reservoir Project

MUB currently operates a single raw water reservoir, known as Cobun Creek #1 ("CCR #1") to provide a reserve raw water supply in the event that the primary raw water source on the Monongahela River is rendered unusable.

The CCR #1 was constructed in the 1950's, and at that time stored a 19 day supply for the Water System. Today, that same reservoir contains only 3.4 days of raw water.

To provide an adequate secondary source of raw water, MUB plans to build a 370 million gallon raw water reservoir ("CCR #2") to be constructed on Cobun Creek upstream of the existing CCR #1. CCR #2 will include an engineered earthen dam, and will provide 33.6 days of storage at current usage rates. The proposed reservoir will be located on property purchased by MUB (then the Morgantown Water Commission) for this purpose in the 1950's.

Depending on the availability of funds, MUB may also construct a raw water pipeline and/or acquire and install a diesel powered generator at the Water Treatment Plant as part of the Water Reservoir Project. The raw water pipeline would deliver water from CCR #2 either to CCR #1, or directly to the Water Treatment Plant. The raw water pipeline will be gravity fed, and will follow the general course of the Cobun Creek stream. If the raw water pipeline is not constructed, Cobun Creek will convey the water.

The diesel powered generator will serve as an auxiliary power supply to the Water Treatment Plant. The generator would enable the Water Treatment Plant to continue operation despite interruption of the electrical supply to the facility. The Water Reservoir Project will be financed with the Series 2017 A Bonds. See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Future Bond Issues" herein.

MUB Sewer System

The Sewer System provides sanitary sewer service directly to approximately 23,100 customers. The Sewer System has two distinct portions. The first, the "Morgantown Sewer System," includes both The City of Morgantown and the immediately surrounding areas, encompassing the traditional service area of MUB. The facilities in the Morgantown Sewer System include, but are not limited to, approximately 249 miles of collection lines and mains, the Star City WWTP which has a 12 million gallon per day (MGD) capacity, 53 lift stations, and 40 combined sewer outfalls. The Project financed with the Series 2016 A Bonds will make improvements to the Star City WWTP to effectively increase treatment capacity to 20.8 MGD. See "PURPOSE AND PLAN OF FINANCING – The Project" herein.

The second distinct portion of the Sewer System is the sanitary sewer collection and treatment system which serves the Cheat Lake area outside of, but adjacent to, the municipal limits of the Issuer in Monongalia County. The Cheat Lake System serves approximately 2,600 customers. The facilities of the Cheat Lake System includes approximately 49 miles of collection and transmission lines, a 750,000 gallon per day (GPD) wastewater treatment plant (the "Cheat Lake WWTP") and 20 lift stations. The Cheat Lake System contains no combined sewer overflows. The Cheat Lake WWTP, lift stations, and major interceptors and force mains were constructed in 2000 at a cost of $10,000,000. Growth and demand for expanded utility services is generally strong throughout the MUB service area and particularly so in the Cheat Lake area.

MUB Sewer System – Service Area

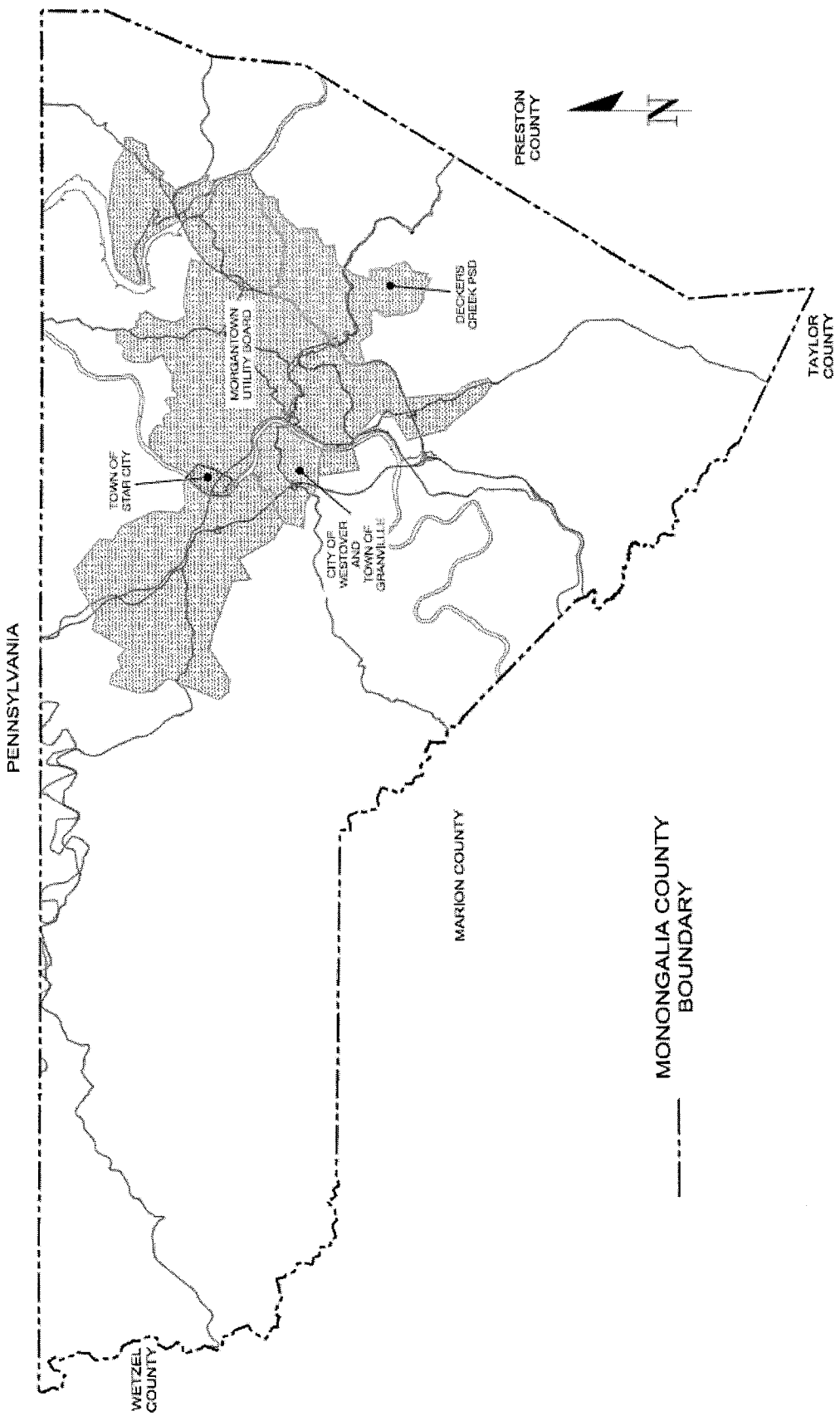
MUB's Sewer System Service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 49.75 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service industry customers.

In addition to MUB's retail customers, MUB provides sanitary sewerage transmission and treatment to four (4) separate adjacent public sewer utilities: the City of Westover, Deckers Creek Public Service District ("Decker's Creek PSD"), the Town of Star City, and the Town of Granville (collectively, the "Sewer Resale Customers"). The Sewer Resale Customers provide retail sanitary sewer service to nearly 5,500 customers within their respective service territories.

Set forth on the next page is a map which reflects the retail service area of the Sewer System, as well as the general geographic boundaries of the Sewer Resale Customers.

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PENNSYLVANIA
WETZEL COUNTY
MARION COUNTY
PRESTON COUNTY
TAYLOR COUNTY
MORGANTOWN UTILITY BOARD
DECKERS CREEK PSD
TOWN OF STAR CITY
CITY OF WESTOVER AND TOWN OF GRANVILLE
N
MONONGALIA COUNTY BOUNDARY

MUB Sewer System – Customer Data*

The following table sets forth the total sanitary sewer collection and treatment sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$3,603,277	$1,286,963	$245,449	–	$469,122	$5,604,811
2005	$3,654,324	$1,405,427	$294,924	–	$506,834	$5,861,509
2006	$4,059,102	$1,610,572	$274,353	–	$526,789	$6,470,816
2007	$4,368,193	$1,626,967	$267,660	–	$555,105	$6,817,925
2008	$4,530,051	$1,473,390	$299,693	–	$629,086	$6,932,220
2009	$4,835,992	$1,317,109	$339,187	–	$712,505	$7,204,793
2010	$3,458,586	$1,903,921	$307,798	$1,274,932	$700,225	$7,645,462
2011	$3,531,058	$1,982,495	$313,247	$1,156,584	$785,867	$7,769,251
2012	$3,789,665	$2,243,995	$493,504	$1,307,667	$867,749	$8,702,580
2013	$4,242,666	$2,380,843	$426,778	$1,411,592	$861,492	$9,323,371
2014	$4,487,498	$2,447,661	$460,191	$1,401,645	$803,564	$9,600,559
2015	$5,079,237	$2,874,371	$454,779	$1,356,427	$712,508	$10,477,322
2016	$5,186,957	$3,008,484	$475,128	$1,365,651	$656,106	$10,692,326

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Mylan Pharmaceuticals	133,982	$540,411.03
2	West Virginia University	129,159	$527,079.68
3	City of Westover**	213,689	$320,534.00
4	WVU Hospitals	69,646	$278,971.33
5	Morgantown Energy Association	73,845	$192,792.52
6	RF Kennedy Youth Center	40,076	$160,779.20
7	Deckers Creek PSD**	103,074	$154,611.00
8	Town of Star City**	87,840	$131,760.00
9	Monongalia General Hospital	49,620	$74,905.20
10	Monongalia County Board of Education	18,228	$73,277.00
	Total	**919,159**	**$2,455,120.96**

* Source: Morgantown Utility Board
** Resale Customer

The total Sewer System Gross Revenue for the fiscal year ended June 30, 2016 was $10,692,000. The ten largest sewer customers represented 23% of the Sewer System Gross Revenue.

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MUB Sewer Resale Customers

The following tables set forth information regarding MUB's Sewer Resale Customers for the fiscal years indicated.

MUB Sewer Resale Customers – Resale Customer Count*

Resale Customer	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	2,241	2,241	2,180	2,120	2,104
Deckers Creek PSD	1,831	1,820	1,790	1,748	1,706
Town of Star City	891	876	876	880	877
Town of Granville	345	347	349	357	349
Total	**5,308**	**5,284**	**5,195**	**5,105**	**5,036**

MUB Sewer Resale Customers – Annual Gallons Wastewater Treated by MUB (000's omitted)**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	213,689	230,765	230,859	200,663	236,660	262,998
Deckers Creek PSD	103,074	103,994	115,570	151,686	166,708	172,927
Town of Star City	87,840	87,840	87,600	87,600	87,840	87,600
Town of Granville	32,801	42,636	46,912	35,323	53,313	39,002
Total	**437,404**	**465,235**	**480,941**	**475,272**	**544,521**	**562,527**

MUB Sewer Resale Customers – Annual Treatment Cost Billed by MUB**

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	$320,534	$346,148	$346,289	$331,995	$314,434	$318,228
Deckers Creek PSD	$154,611	$155,991	$173,356	$227,528	$223,149	$209,568
Town of Star City	$131,760	$131,400	$131,040	$131,400	$118,954	$105,996
Town of Granville	$49,201	$63,955	$70,368	$52,984	$73,110	$47,192
Total	**$656,106**	**$697,494**	**$721,053**	**$743,907**	**$729,647**	**$680,984**

For the fiscal year ended June 30, 2016, payments for sewage transmission and treatment to MUB from Sewer Resale Customers represented 6.13% of the Sewer System Gross Revenue.

* Information gathered from Annual PSC Reports of Resale Customers
** Source: Morgantown Utility Board

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MUB Stormwater System

The Stormwater System serves approximately 15,200 customers. The West Virginia Department of Environmental Protection ("DEP") implemented federal MS4 (Municipal Separate Storm Sewer System) regulations effective 2003. The City of Morgantown added stormwater to the mission of MUB on May 21, 2002. Prior to that, the Stormwater System was maintained by the City Street department. The MUB stormwater utility was the first created in West Virginia, and has served as the model for others created statewide since that time. Stormwater rates, based on measured impervious area, were enacted by the Council of the Issuer to fund a suitable annual budget for both ongoing operations and maintenance, and for capital improvements. The MUB stormwater service area is defined on a watershed basis, and therefore includes areas that flow into the City from beyond the municipal corporate limits. Stormwater System facilities include a known inventory of 103 miles of pipe and culverts, however, the length of the total stormwater conveyance facilities is estimated to be approximately 225 miles. A mapping project to determine the full system inventory is underway, as required by recent federal regulations. An $8,500,000 project was completed in 2009 to improve the Burroughs Run and Popenoe Run streams, providing stream restoration to stabilize the streams and to improve stream conveyance capacity in order to reduce the potential for flooding. A $2,475,000 project to improve and protect the Sabraton area along the Hartman Run stream, and at the intersection of Hartman Run Road (W.V. Route 857) and W.V. Route 7 was completed in 2015.

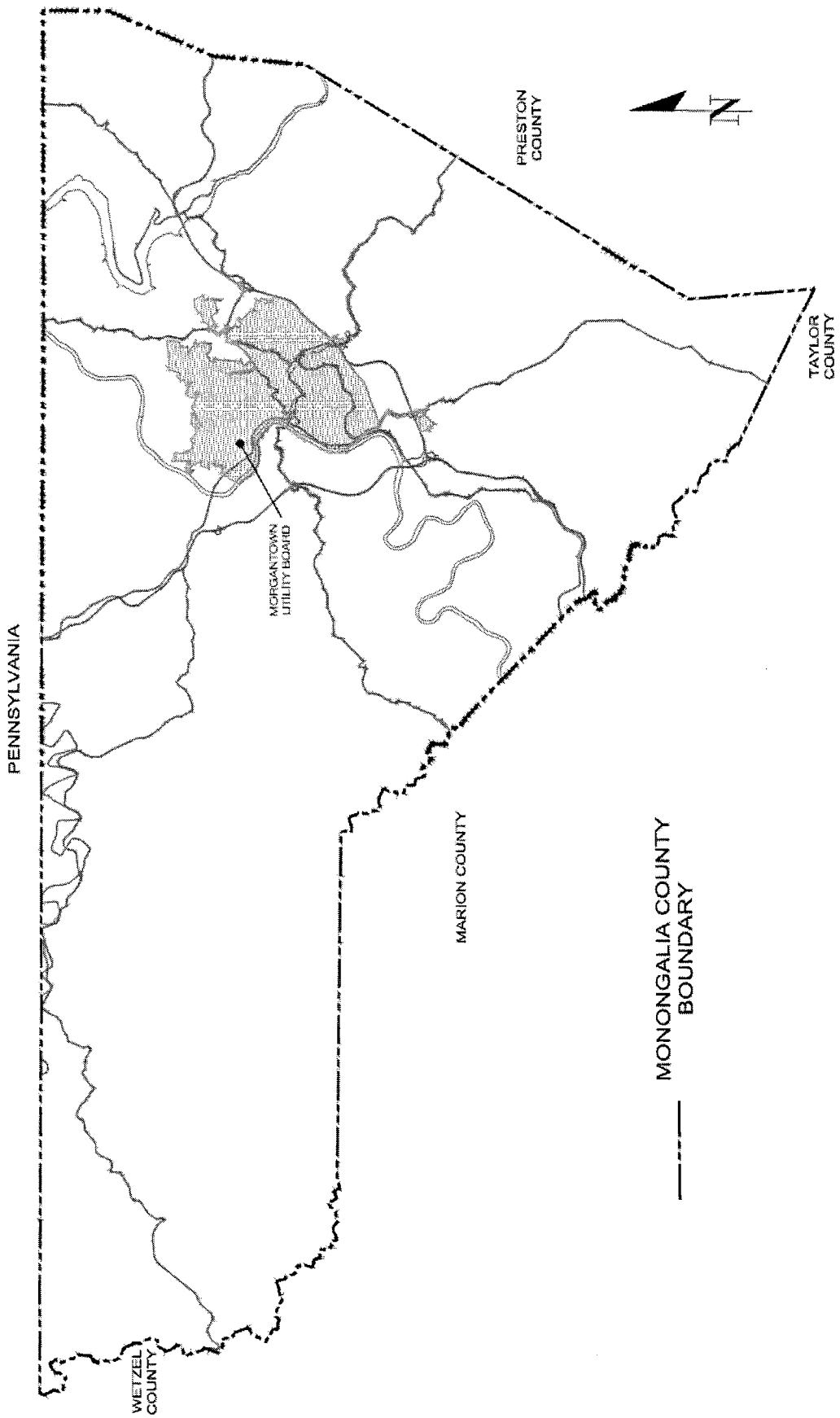
MUB Stormwater System – Service Area

MUB stormwater service area:

- includes the entirety of the City and surrounding areas in Monongalia County, West Virginia;
- covers approximately 14.68 square miles; and
- includes a diversified group of healthcare, higher education, manufacturing, and service customers.

Set forth on the next page is a map which reflects the retail service area of the Stormwater System.

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PENNSYLVANIA
WETZEL COUNTY
MARION COUNTY
PRESTON COUNTY
TAYLOR COUNTY
MORGANTOWN UTILITY BOARD
N
MONONGALIA COUNTY BOUNDARY

MUB Stormwater System – Largest Customers

	Customer	*Impermeable Surface (in sq. ft.)*	*Revenue*
1	West Virginia University	10,023,286	$282,656.67
2	GP Management	1,848,992	$52,141.57
3	WVU Hospitals	1,563,272	$44,084.27
4	Board of Education	1,460,534	$41,187.06
5	RF Kennedy Youth Center	914,791	$25,797.11
6	Mylan Pharmaceuticals	876,712	$24,723.28
7	The City of Morgantown	872,167	$24,595.11
8	Wal-Mart Stores	772,999	$21,798.57
9	US Dept. Energy NETL	632,696	$17,842.03
10	Monongalia General Hospital	395,021	$11,139.59
	Total	**19,360,470**	**$545,695.25**

The total stormwater operating revenue for the fiscal year ended June 30, 2016 was $1,891,000. The ten largest stormwater customers represented 29% of the total operating revenue.

MUB Operating and Capital Budgets

Operating and Capital budgets for the Water System, Sewer System and Stormwater System are prepared and approved annually by MUB.

MUB Combined Utility System Environmental Regulatory Performance

MUB maintains an excellent record of regulatory compliance. Discussion follows by each utility system.

MUB 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"), and consistently indicate full compliance.

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%. MUB's program of loss prevention and leak location is very effective, and consistently complies with the PSC standard. The most recent reported water loss was 5.08% for FY 2015.

There are no outstanding enforcement actions applicable to the Water System.

MUB Sewer System.

Sewer service is highly regulated under the NPDES permits for each WWTP and corresponding collection system. As evidenced by receipt of numerous consecutive Platinum Awards from the National Association of Clean Water Agencies ("NACWA"), MUB has had zero permit violations in the last 15 years at the Star City WWTP, and in the last 17 years at the Cheat Lake WWTP.

An Administrative Order has been issued by DEP related to the Long Term Control Plan, and is procedural in nature. MUB is fully compliant with the terms of the Administrative Order.

An Administrative Order has been issued by DEP related to the Project, and confirms the construction plan and schedule proposed by MUB in the approved NPDES permit modification. MUB anticipates full compliance with the Administrative Order.

There are no other outstanding enforcement actions applicable to the Sewer System.

MUB Stormwater System.

Numerous standards apply to regulate the operation and maintenance of Stormwater systems by way of the MS4 variation of the NPDES permit. Semi-annual reports are required by DEP, and consistently indicate substantial compliance.

A 2014 inspection by DEP of MUB's MS4 reporting resulted in a Notice of Violation for failure to achieve certain permit requirements and/or goals expressed in MUB's Stormwater Management Plan. In most cases, the requirement/goal had been achieved, but the achievement was not properly documented. MUB was directed to submit a report describing how the unmet goals would be achieved/documented for compliance; said report was promptly submitted, appropriate program corrections were made, and no further enforcement action has been taken or is expected to be taken.

A 2015 inspection by the United States Environmental Protection Agency ("EPA") of MUB's MS4 reporting (for years 2012 and 2013) resulted in an Administrative Order for failure to achieve certain permit requirements. MUB was directed to submit a report describing how the unmet goals would be achieved/documented for compliance; said report was promptly submitted, and EPA has now issued a letter accepting the Report and closing the Administrative Order docket as having been appropriately resolved.

There are no outstanding enforcement actions applicable to the Stormwater System.

MUB Sewer System Long Term Control Plan

MUB's original LTCP was submitted to WV DEP and approved in 2002. Because such complex plans and the regulations to which they respond are constantly evolving, the LTCP is best considered a living document that remains subject to continuous revision and re-negotiation.

MUB submitted updates to its LTCP to WV DEP in 2011 and 2014. These updates have not been formally approved or rejected by DEP, and remain under ongoing discussion. The 2014 LTCP serves as the basis for the Project. DEP has approved the plans and specifications and the related NPDES permit modification for the Project.

Work completed under the 2002 LTCP includes the following: (i) an addition of a third secondary clarifier at the Star City WWTP, which was completed in 2009 at a cost of $6,400,000; and (ii) an upgrade of Deckers Creek Pump station and force main, which was completed in 2012 at a cost of $15,500,000.

The 2014 LTCP describes four phases of anticipated improvements (all cost estimates are in 2015-2016 dollars):

- Group 1 – 2020 completion
  - WWTP upgrade – pending under subject Issue at $99,700,000 (estimated $70,000,000 in LTCP).
  - Popenoe Run Interceptor replacement – to be financed with the Series 2016 A Bonds at $1,600,000 (estimated $6,000,000 in LTCP).

- Group 2 – 2025 completion
  - WWTP upgrade Phase 2 at $21,000,000.*
  - (Since the 2014 LTCP, portions of this project have been included in the pending work proposed in Group 1 to be financed with the Series 2016 A Bonds).

- Group 3 – 2030 completion
  - Upgrade of Deckers Creek Pump Station and Interceptor at $19,000,000.*
  - Popenoe Run Pumping and Storage at $12,000,000.*

- Group 4 – 2035 completion
  - Add High Flow Wet Weather Treatment to WWTP at $44,000,000.*

* Preliminary, subject to change. Also, subject to availability of grant and low interest loan funds and affordability under %MHI indices.

MUB Awards and Recognitions

MUB is recognized as an industry leader in West Virginia and the region with respect to water, wastewater and stormwater utilities. MUB has been repeatedly recognized by a variety of organizations for both projects and policies which have reflected this leadership. Included in such accolades are the following:

Year	Category	Issued by	Notation
2016	Water	WV AWWA	1st place Taste Test
2016	Sewer	NACWA	Platinum – Star City WWTP (15th consecutive year)
2016	Sewer	NACWA	Platinum – Cheat Lake WWTP (17th consecutive year)
2013	Water	WV RWA	Water System of the Year
2012	Stormwater	WV DEP	Environmental Excellence Award – stormwater
2009	Stormwater	Assoc. Builder & Contractors	Excellence in Construction – Burroughs Run Project
2008	Stormwater	WV DEP	Pisces Award – Innovative & Effective SRF
2002	Water	WV RWA	Water System of the Year
2002	Sewer	WV DEP	Environmental Excellence Award – large plant
2002	Sewer	WV DEP	Environmental Excellence Award – small plant
2002	Sewer	Assoc. Builder & Contractors	Excellence in Construction – Cheat Lake WWTP
2001	Sewer	WV DEP	Environmental Excellence Award – most improved

MUB actively participates in the activities and leadership of several West Virginia based industry groups and national industry organizations, including:

West Virginia Based Organizations

- WV American Water Works Association ("WV AWWA"),
- WV Rural Water Association ("WV RWA"),
- West Virginia Municipal League ("WVML"),
- West Virginia Municipal Water Quality Association ("WVMWQA"), and
- West Virginia Water Environment Association ("WVWEA").

National Organizations

- American Water Works Association ("AWWA"),
- Water Environment Federation ("WEF"),
- Rural Water Association ("RWA"),
- National Association of Clean Water Agencies,
- Association of Metropolitan Water Agencies ("AMWA"), and
- Wet Weather Partnership.

MUB's active participation in these organizations has broadened its reach to include a wide network of resources and contacts. This allows MUB to bring cutting edge ideas to practice in its service areas. Most importantly, it empowers MUB to compare itself to, learn from, and compete with larger utilities throughout the nation and region.

In addition to formal recognition, MUB is unique among public utilities in West Virginia as the first, and to this date, the only, combined potable water, sanitary sewer and stormwater utility.

MUB Operations, Maintenance, and Asset Management

MUB Operations Overview.

The Water Treatment Plant, Star City WWTP and the Cheat Lake WWTP (collectively, the "Treatment Plants") are under the direct supervision of the Manager of Treatment and Production Facilities. The Treatment Plants are operated by professionals licensed by the WV Bureau for Public Health (Water) and the West Virginia Department of Environmental Protection (Sewer). In addition to the Treatment Plants, the Manager of Treatment and Production Facilities is responsible for the operation and maintenance of the 15 pumping stations and 34 storage tanks included in the Water System and the 73 pumping stations in the Sewer System.

The distribution and transmission lines in the Water System, collection and transmission lines in the Sewer System and the management and conveyance infrastructure in the Stormwater System are the responsibility of the Distribution Superintendent. The Combined Utility System includes approximately 411 miles of water distribution lines, 298 miles of sewerage collection and transmission lines, and approximately 225 miles of stormwater management lines.

MUB Maintenance Overview.

MUB has a structured maintenance program which focuses on ensuring the expected useful life of equipment throughout the Combined Utility System. A computerized maintenance management system is utilized to track and document preventative maintenance, predictive maintenance and unplanned repair activities. A computerized purchasing and inventory control system is utilized.

Asset Management Plan Overview.

MUB maintains an Asset Management Plan which is updated on an annual basis to reflect depreciation, replacement and upgrades of existing assets, as well the inclusion of new assets. The purposes of the Asset Management Plan are to (i) ensure the maximum reasonable useful life from assets; (ii) reduce the occurrence of lost service through anticipatory replacement, repair or improvement of assets; and (iii) support optimal decision-making through consistent life-cycle costing and renewal and replacement planning.

Community Outreach and Support

The Project required an 87.5% sewer rate increase to fund the debt service of the Series 2016 A Bonds and the Series 2016 B Bonds. Similarly, a 33% water rate increase was necessary to fund the debt service of the pending Series 2017 A Bonds. The best evidence of public support for the rate increases is that they were unanimously approved by City Council on February 2, 2016 and went into effect on July 1, 2016.

The approved rate increases equate to a 66% increase in the combined water/sewer bill of the average residential customer. Achieving public support and approvals of City Council for such a significant increase was earned through an extensive and transparent public outreach campaign by MUB.

MUB made detailed presentations at seven (7) public meetings between September 29, 2015 and November 24, 2015, at which time both projects were described and MUB invited and received public input. Each of these meetings included open Q&A sessions that continued until every question of every attendee had been addressed. MUB also made the presentations and related project information available for download at its website.

In addition to the above outreach program, additional opportunities for Q&A and public input were provided at monthly MUB Board meetings from October 2015 through January 2016. Outreach was concluded with public comment opportunities during the City Council deliberations on January 5, January 19, and February 2, 2016, including a formal public hearing on February 2, 2016.

These extraordinary outreach efforts and the merits of both projects and the related rate increase were topics of several supportive editorials in the Dominion Post (the primary newspaper of the region). The editorials voiced full support for the proposed projects and related rates; have cited MUB's outreach as a model for other utilities and public agencies; and most recently have praised the quality of MUB's management as deserving the community's trust and respect.

MUB CAPITAL IMPROVEMENT PROGRAM

MUB utilizes an annually adopted five-year Capital Improvement Program ("CIP") to plan and manage the capital improvements necessary to fulfill its service mission, comply with regulatory requirements and preserve and upgrade each system within the Combined Utility System. MUB updates the CIP annually in conjunction with its budget process, based on detailed project review by engineering staff, external engineering consultants retained by MUB and senior management.

MUB CIP Management and Administration

Consulting engineering services are generally employed for the design of major projects. MUB's engineering department has fourteen (14) employees who design certain projects and review and coordinate the plans submitted by consulting engineers for others. Depending on the size and type of project, responsibility for design, bidding, construction management, and/or resident inspection may be provided by MUB engineers, consulting engineers, or a combination of both. All projects are scheduled and monitored under the direction of a

licensed professional engineer. Overall project coordination and management is the responsibility of the General Manager and Assistant General Manager/Chief Engineer.

MUB CIP Funding Sources

MUB anticipates funding the CIP through a combination of long term debt (revenue bonds) and internally generated funds for capital additions. Additional funding is routinely received from developers, the West Virginia Department of Highways, West Virginia University and others for the purpose of increasing capacity, relocating facilities and expanding the service area.

MUB Current CIP

The paragraphs below outline the current five-year CIP, with the exclusion of the Project and the Water Reservoir Project to be financed with the proceeds of the Series 2016 A Bonds and the Series 2016 B Bonds, and the Series 2017 A Bonds, respectively.

MUB Water System – CIP.

Rates and charges for the Water System have been established that provide an annual budget of approximately $1,000,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of distribution lines, pumping and treatment structures, and major equipment. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Sabraton 16" Loop Connection	$200,000
	Mulberry, Gem, and Elmina Streets Replacement	200,000
	Watts and Western Replacement/Upgrade	100,000
	Valley View Upgrade	100,000
	Miscellaneous Upgrades and Extensions	400,000
2018	University Avenue	$200,000
	Pixler Hill and Hagedorn Lane	100,000
	Replace Cherry Hill Booster	150,000
	Miscellaneous Upgrades and Extensions	550,000
2019	University Avenue	$150,000
	Linden, Lexington, Melrose and West Replacements	200,000
	Miscellaneous Upgrades and Extensions	650,000
2020	High, Madison, Long, Dunkard, Kenmore etc Replacement	$350,000
	Miscellaneous Upgrades and Extensions	650,000
2021	Van Voorhis Rd 12" Replacement	$300,000
	Miscellaneous Upgrades and Extensions	700,000

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MUB Sewer System – CIP.

Rates and charges for the Sewer System have been established that provide an annual budget of $1,500,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of collection lines, pumping and treatment structures, and major equipment. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Dorsey's Knob Sewer System Update	$350,000
	Replace Excavator	300,000
	Aerial Mapping Update	200,000
	Valley View Sewer Upgrade	250,000
	Miscellaneous Upgrades and Extensions	450,000
2018	Brookhaven Road Capacity Increase	$300,000
	Standard Street New VFD Equipment	150,000
	Vac Truck Replacement	300,000
	Airport Blvd Pump Station	150,000
	Miscellaneous Upgrades and Extensions	600,000
2019	Deckers Creek Interceptor MH replacement and Lining	$1,300,000
	Miscellaneous Upgrades and Extensions	200,000
2020	Deckers Creek Interceptor Tide Gate Installation	$200,000
	Orchard Crossing Upgrade	200,000
	Replace 4 Dump trucks	400,000
	Mon Interceptors Tide Gate Installation	300,000
	Miscellaneous Upgrades and Extensions	400,000
2021	CSO Screen Installation	$300,000
	Miscellaneous Upgrades and Extensions	1,200,000

MUB Stormwater System – CIP.

Rates and charges for the Stormwater System have been established that provide an annual budget of $125,000 in internally generated funds for capital improvements. The capital improvement projects include a combination of renewal and replacement of stormwater conveyance and management facilities. Anticipated Capital Improvements include;

Year	Project	Estimated Cost
2017	Valley View Road	$125,000
2018	Valley View Road	125,000
2019	Popenoe Run	125,000
2020	Popenoe Run	125,000
2021	Dug Hill Run	125,000

DEBT SERVICE REQUIREMENTS

Existing Long-Term Debt of the Combined Utility System

Pursuant to the Act, all debt secured by the Gross Revenues of the Combined Utility System has a lien on the Gross Revenues of the Water System, the Sewer System and the Stormwater System. Accordingly, the Bonds are known as "Combined Utility System Revenue Bonds" denoting the lien on the "combined" system. The following outstanding debt is secured by the Gross Revenues of the Combined Utility System, on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds:

Bond Issue	*Issue Date*	*Project*	*Original Issue Amount*	*Balance June 30, 2016*	*Approximate Annual Debt Service*	*Final Maturity*
2015 E	6/11/2015	Sewer System Extension	$662,300	$658,081	$19,000	06/2055
2015 D	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$1,688,394	$1,478,710	$44,251	12/2049
2015 C	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$8,111,813	$5,817,003	$214,006	09/2043
2015 B	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$4,586	$1,881	$118	10/2031
2015 A	3/31/2015	Assume Scotts Run PSD Sewer Bonds	$137,568	$101,414	$11,306	10/2031
2014 B	7/13/2014	Stormwater Improvements	$505,421	$471,533	$37,563	08/2034
2013 A	8/22/2013	Assume Canyon PSD Sewer Bonds	$4,605,260	$4,210,520	$131,580	06/2048
2012 C	10/5/2012	Stormwater Improvements	$2,330,000	$2,050,000	$163,920	10/2032
2012 A	8/24/2012	Water System Extension	$570,000	$530,150	$23,992	03/2044
2010 F	1/28/2010	Water Treatment Plant Improvements	$7,250,000	$3,250,000	$1,150,489	12/2018
2010 E	1/28/2010	Water System Improvements	$100,000	$84,157	$6,080	09/2032
2010 D	1/28/2010	Water System Improvements	$9,317,286	$7,841,178	$566,381	09/2032
2010 C	1/28/2010	Sewer System Improvements	$15,380,227	$12,943,588	$934,936	09/2032
2010 A	1/28/2000	Water Treatment Plant Upgrade	$37,950,000	$37,950,000	$2,280,000	12/2040
2007 A	8/14/2007	Stormwater Improvements	$8,500,000	$6,069,570	$535,038	06/2029
2006 A	6/30/2006	Star City WWTP Secondary Clarifier	$6,410,191	$4,147,999	$389,664	06/2028
2000 B	2/29/2000	Cheat Lake Wastewater Treatment Plant	$2,488,000	$1,538,598	$65,476	12/2039
2000 A	2/29/2000	Cheat Lake Wastewater Treatment Plant	$7,842,000	$3,152,955	$343,191	03/2026
			$113,853,046	**$92,297,337**	**$6,916,991**	

See "OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM – Prior Bonds" herein.

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MUB Combined Utility System – Aggregate Debt Service Table

The table below sets for the anticipated aggregate debt service for the Prior Bonds, the Series 2016 A Bonds and the Series 2016 B-1 Bonds. The Series 2016 B-2 Bonds are not included in this table as the principal thereof is forgiven by the West Virginia Water Development Authority and/or West Virginia Department of Environmental Protection – Clean Water State Revolving Fund on June 30th of the fiscal year in which any such principal amount is advanced.

Fiscal Year (Ending June 30)	Debt Service On Prior Bonds	Series 2016 A	Series 2016 B-1 *	Total**
2017	$6,869,050	$1,543,543	$244,529	$8,657,123
2018	6,869,581	4,209,987	978,117	12,057,686
2019	6,867,720	4,209,287	978,117	12,055,124
2020	6,853,629	4,206,187	978,117	12,037,934
2021	6,837,304	4,209,562	978,117	12,024,984
2022	6,818,575	4,208,687	978,118	12,005,380
2023	6,791,984	4,209,437	978,118	11,979,539
2024	6,766,533	4,206,687	978,118	11,951,338
2025	6,741,915	4,205,312	978,118	11,925,346
2026	6,632,462	4,209,937	978,116	11,820,516
2027	6,362,490	4,205,437	978,117	11,546,044
2028	6,331,627	4,206,687	978,118	11,516,432
2029	5,852,729	4,207,762	978,118	11,038,609
2030	5,331,936	4,205,137	978,117	10,515,191
2031	5,297,800	4,205,137	978,118	10,481,056
2032	5,254,244	4,206,837	978,118	10,439,199
2033	4,068,189	4,205,137	978,118	9,251,444
2034	3,494,348	4,204,937	978,117	8,677,403
2035	3,417,053	4,205,618	978,118	8,600,790
2036	3,367,426	4,207,600	978,118	8,553,144
2037	3,318,073	4,206,200	978,117	8,502,390
2038	3,268,141	4,206,875	978,117	8,453,133
2039	3,212,469	4,208,125	978,117	8,398,711
2040	3,128,008	4,207,250	978,118	8,313,376
2041	3,037,172	4,208,875	978,117	8,224,164
2042	426,529	4,207,625	978,118	5,612,272
2043	426,529	4,209,475	978,117	5,614,121
2044	261,309	4,205,375	978,118	5,444,802
2045	192,588	4,205,000	978,117	5,375,705
2046	192,588	4,207,925	978,118	5,378,631
2047	192,588	4,208,825	244,529	4,645,942
2048	192,589	-	-	192,589
2049	61,012	-	-	61,012
2050	38,943	-	-	38,943
2051	16,872	-	-	16,872
2052	16,872	-	-	16,872
2053	16,872	-	-	16,872
2054	16,872	-	-	16,872
2055	16,873	-	-	16,873

*Includes expected 0.25% administrative fee

**Totals may vary due to rounding

MUB Combined Utility System Historical and Projected Coverage **

	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Operating Revenues	$21,454,380	$21,978,283	$22,842,087	$22,935,561	$33,789,995	$34,248,901	$34,541,342	$34,806,113
Other Operating Revenues	636,572	488,258	470,265	445,763	423,802	425,177	425,177	425,177
Total Operating Revenues	**$22,090,952**	**$22,466,541**	**$23,312,352**	**$23,381,324**	**$34,213,797**	**$34,674,078**	**$34,966,519**	**$35,231,290**
Total O & M Expense	12,538,608	13,338,657	13,768,514	15,523,128	16,073,068	16,798,372	18,042,493	18,872,882
Depreciation Expense	5,593,277	8,050,420	8,398,878	8,692,352	9,142,447	9,341,447	9,959,944	12,357,773
Operating Income	**$3,959,067**	**$1,077,464**	**$1,144,960**	**-$834,157**	**$8,998,282**	**$8,534,259**	**$6,964,082**	**$4,000,635**
Non-Operating Income	665,919	1,072,566	-128,103	1,001,638	941,384	941,384	941,384	941,384
Available for Debt Service	**$10,218,263**	**$10,200,450**	**$9,415,735**	**$8,859,834**	**$16,882,113**	**$18,817,090**	**$17,865,410**	**$17,299,792**
Debt Service Requirement	$6,953,390	$6,990,740	$7,230,075	$7,300,490	$9,134,384	$14,090,231	$14,084,901	$14,073,554
Coverage	**1.47x**	**1.46x**	**1.30x**	**1.21x**	**1.85x**	**1.34x**	**1.27x**	**1.23x**

* Projected
** Prepared by the Morgantown Utility Board

Method of Accounting

The accounts of the Water System, Sewer System and Stormwater System are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the MUB accounts are maintained in accordance with generally accepted accounting principles. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF MORGANTOWN UTILITY BOARD FOR FISCAL YEAR ENDED JUNE 30, 2016" herein.

OUTSTANDING INDEBTEDNESS OF THE COMBINED UTILITY SYSTEM

Series 2016 B Bonds Issued Simultaneously with Series 2016 A Bonds

In order to finance the costs of the Project not to be paid from the proceeds of the Series 2016 A Bonds and available funds of the Combined Utility System, the Issuer intends to issue, simultaneously with the issuance of the Series 2016 A Bonds, its Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of $25,000,000 (the "Series 2016 B-1 Bonds) and its Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program-Green), in the aggregate principal amount of not more than $500,000 (the "Series 2016 B-2 Bonds" and, collectively, with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds"). The Series 2016 B-2 Bonds are not included in the aggregate debt service calculation as the principal thereof is forgiven by the West Virginia Water Development Authority and/or West Virginia Department of Environmental Protection – Clean Water State Revolving Fund on June 30th of the fiscal year in which any such principal amount is advanced

The Series 2016 B Bonds shall have a first lien on the Gross Revenues from, and assets of, the Combined Utility System, on parity with the Series 2016 A Bonds, the proposed Series 2017 A Bonds, and the Prior Bonds.

Prior Bonds

The Issuer has outstanding the following bonds which will rank on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds as to liens, pledge, source of and security for payment from the Gross Revenues derived from the Combined Utility System, as follows:

(1) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds");

(2) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds");

(3) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds");

(4) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(5) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds");

(6) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(7) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

(8) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(9) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds");

(10) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds");

(11) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds");

(12) Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds");

(13) Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421 (the "Series 2014 B Bonds");

(14) Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568 (the "Series 2015 A Bonds");

(15) Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586 (the "Series 2015 B Bonds");

(16) Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813 (the "Series 2015 C Bonds");

(17) Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394 (the "Series 2015 D Bonds"); and

(18) Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300 (the "Series 2015 E Bonds").

The Series 2000 A Bonds, Series 2000 B Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds, as supplemented, are herein collectively referred to as the "Prior Ordinances." As of June 30, 2016, the Prior Bonds were outstanding in the amount of $92,297,337. See chart contained in "DEBT SERVICE REQUIREMENTS – Existing Long-Term Debt of the Combined Utility System" herein.

Future Bond Issues

The Issuer and MUB anticipate the issuance of bonds on a parity with the Series 2016 A Bonds and the Series 2016 B Bonds in the future. Such future bond issues include, but will not be limited to, Additional Parity Bonds to finance the following projects which are in various states of planning or commitment:

Water Reservoir Project.

The Project to be financed with the proceeds of the Series 2016 A Bonds and the Series 2016 B Bonds was originally planned to go to construction simultaneously with a project to construct a new water reservoir for the Water System and, depending on the availability of funds, additional assets for the Water System (hereinafter more fully described, the "Water Reservoir Project"), financed with a separate series of bonds on a parity with the Series 2016 A Bonds and Series 2016 B Bonds. Due to design and regulatory delays, the Water Reservoir Project has been delayed and construction bids expect to be opened in mid-November of 2016. The Issuer and MUB anticipate that the Water Reservoir Project will go to construction in the first quarter of 2017.

An ordinance authorizing the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2016 D in an amount not to exceed $40,000,000 was enacted by City Council contemporaneously with the Series 2016 A Ordinance. The Issuer anticipates issuing the bonds to finance the Water Reservoir Project in the first quarter of 2017 and will re-designate the obligations, via supplemental resolution, as "Combined Utility System Revenue Bonds, Series 2017 A," while the not to exceed amount will remain $40,000,000 (the "Series 2017 A Bonds"). The rate modifications for the Water System enacted to pay the anticipated debt service for the Project also included sufficient revenues to for the anticipated debt service on the Series 2017 A Bonds. These rates began to be charged on July 1, 2016.

Rockley Road Water Extension Project.

This project will provide water service to approximately 29 retail customers along Rockley Road. The project is designed and MUB anticipates construction will begin in the second quarter of 2017. The project will be financed through the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2017 B, in an

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amount not to exceed $1,000,000 (the "Series 2017 B Bonds"). The Series 2017 B Bonds are expected to be purchased by the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "WVIJDC") at an interest rate of 1% for a term of 40 years, pursuant to a commitment letter from the WVIJDC. While the Series 2017 B Bonds will be secured by a parity first lien on the Combined Utility System, the new customers added by the Rockley Road Water Extension will each pay an additional surcharge which, in aggregate, will pay the debt service and coverage requirement for the Series 2017 B Bonds.

Scotts Run Sewer Extension Project.

The Scotts Run Sewer Extension Project will extend sewer collection service to approximately 40 retail customers who do not currently have sanitary sewer service. The project is currently being designed and MUB anticipates construction will begin in 2018. The project is expected to be financed through the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2018 A, in an amount not to exceed $10,000,000 (the "Series 2018 A Bonds"). While funding for the project is not yet committed, the Issuer and MUB anticipate that the Series 2018 A Bonds will be purchased by the West Virginia Water Development Authority on behalf of either the WVIJDC or the West Virginia Department of Environmental Protection, Clean Water State Revolving Fund, at an effective interest rate of 1% or 2% for a term of either 30 or 40 years.

MUB acquired what was formerly the sanitary sewer collection system of Scotts Run Public Service District ("Scotts Run PSD") in 2013. The rates charged to the customers of Scotts Run PSD were substantially higher than the rates of MUB's existing retail sanitary sewer customers, and the higher rates remain in effect for the former Scotts Run PSD customers following the acquisition. As a result of organizational efficiencies following the acquisition, MUB has eliminated approximately $200,000 of annual cost attributable to serving the former Scotts Run PSD customers. The scope/financing of the proposed project is being structured so that this $200,000 of savings will cover the additional debt service for the Series 2018 A Bonds. The additional debt service related to this project has been included in the rates enacted in anticipation of the issuance of the Series 2016 A Bonds, the Series 2016 B Bonds and the Series 2017 A Bonds, while revenues from the new customers added as a result of the proposed project have not been included.

The anticipated debt service for the Water Reservoir Project and the Scotts Run Sewer Extension Project have been included in the rates for the Water System and Sewer System enacted by City Council in early 2016. Due to the surcharge to be paid by the new customers, the Rockley Road Water Extension Project is rate neutral.

STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES

State Utility Regulation

Public water and sewer utilities in West Virginia are subject to regulatory review by the PSC. Public stormwater facilities are not subject to PSC regulation. Pursuant to state legislation which became effective on June 12, 2015 ("Senate Bill 234"), the scope of PSC authority over larger public water and sewer utilities such as MUB. As a result of Senate Bill 234, MUB was exempted from the 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.

These changes result in significant savings of both time and expense for MUB when pursuing both rate increases and capital projects.

While Senate Bill 234 removed the authority of the PSC to review amendment and modification of water and sewer rates and charges of larger utilities, the legislature also 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 a 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 or MUB is aware that any bondholder has petitioned the PSC for relief pursuant to this specific authority 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 MUB and the Resale Customers regarding rates, fees and charges for the Water System and Sewer System; and (ii) complaints by MUB customers regarding the PSC's exercise of powers enumerated in Chapter 24, Article 2, Section 1(b) of the Code of West Virginia, 1933. Moreover, the PSC regulatory oversight includes regulation of measurements, practices, acts or service of MUB, regulation of MUB's system of accounts, regulation of the MUB'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 Utility 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; provide an adequate revenue and replacement fund; and (iii) make any other payments required or provided for in the applicable bond ordinance. The Act provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Under the Act, a municipality is required to maintain a "working capital reserve" for its respective water, sewerage and stormwater 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. The new rates and charges cannot go into effect any sooner than 45 days after the date of enactment of a Rate Ordinance, unless the Council affirmatively finds and declares that the Combined Utility System is in financial distress such that the 45-day waiting period would be detrimental to the ability of the Combined Utility System to deliver continued and compliant service. 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 Utility 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.

The Council of the City also has the authority to authorize capital projects 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 first reading of 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.

The PSC has retained jurisdiction over collection issues between utilities. Accordingly, in the event that any of the Water Resale Customers or Sewer Resale Customers becomes delinquent, the PSC is the appropriate venue for MUB to seek redress. The PSC has the authority to order the rates of a resale customer increased and/or the imposition of a surcharge in order to assure the full payment to MUB. MUB does not have the ability to terminate service to any resale customer without PSC approval.

Currently, Pleasant Valley Public Service District, a water resale customer ("Pleasant Valley"), has an arrearage to MUB of approximately $200,000. MUB filed a complaint case at the PSC, Case No. 16-0797-PWD-19A, seeking the imposition of rates and/or a surcharge upon the Pleasant Valley customers to repay the obligation to MUB. The case is currently pending before the PSC, and MUB anticipates that the full arrearage, with late fees, will be repaid.

MUB Rate History and Comparison

The table below shows the recent rate history of MUB. MUB does not have a policy of regularly pursuing rate increases on a pre-determined schedule.

Morgantown Water

Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
12/19/1992	$ 5.92	$ 186.96	
1/20/2005	$ 7.65	$ 242.94	29%
9/28/2005	$ 8.03	$ 253.10	5%
10/4/2008	$ 8.98	$ 283.64	12%
1/1/2012	$ 17.42	$ 586.40	94%
7/1/2016	$ 23.18	$ 780.80	33%

Morgantown Sewer

Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
12/19/1992	$ 12.03	$ 487.90	
1/20/2005	$ 12.77	$ 504.30	6%
9/28/2005	$ 13.83	$ 561.20	8%
11/22/2008	$ 15.48	$ 627.92	12%
1/1/2012	$ 20.97	$ 839.60	35%
7/1/2016	$ 39.33	$ 1,574.40	87.5%

Cheat Sewer

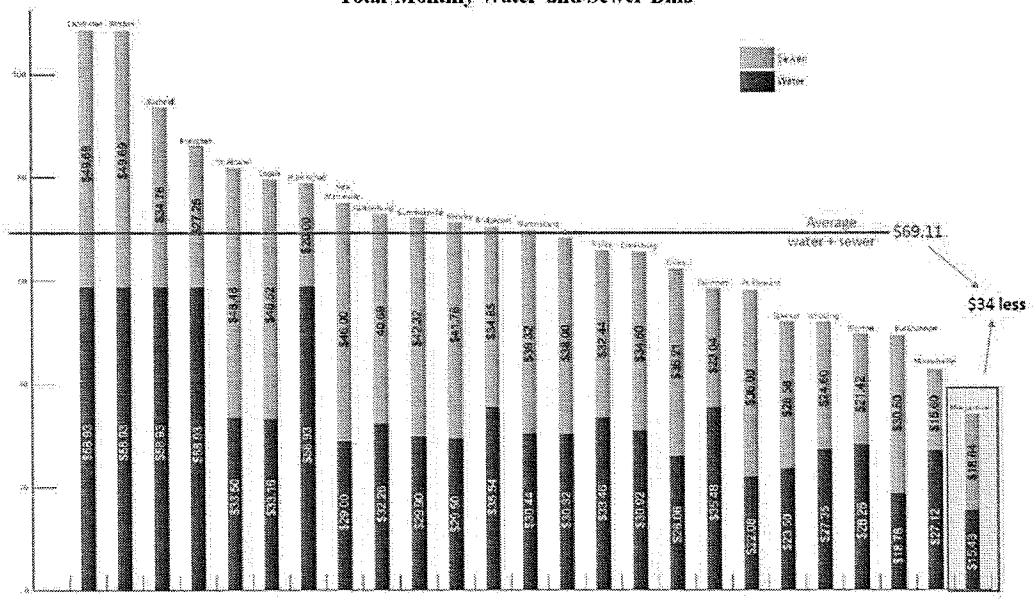
Date	Bill Amount (in Gallons) 4,500	200,000	Percent Increase
2/7/1995	$ 12.96	$ 576.00	
1/1/2001	$ 37.50	$ 1,281.50	189%
7/1/2014	$ 46.50	$ 1,589.06	24%

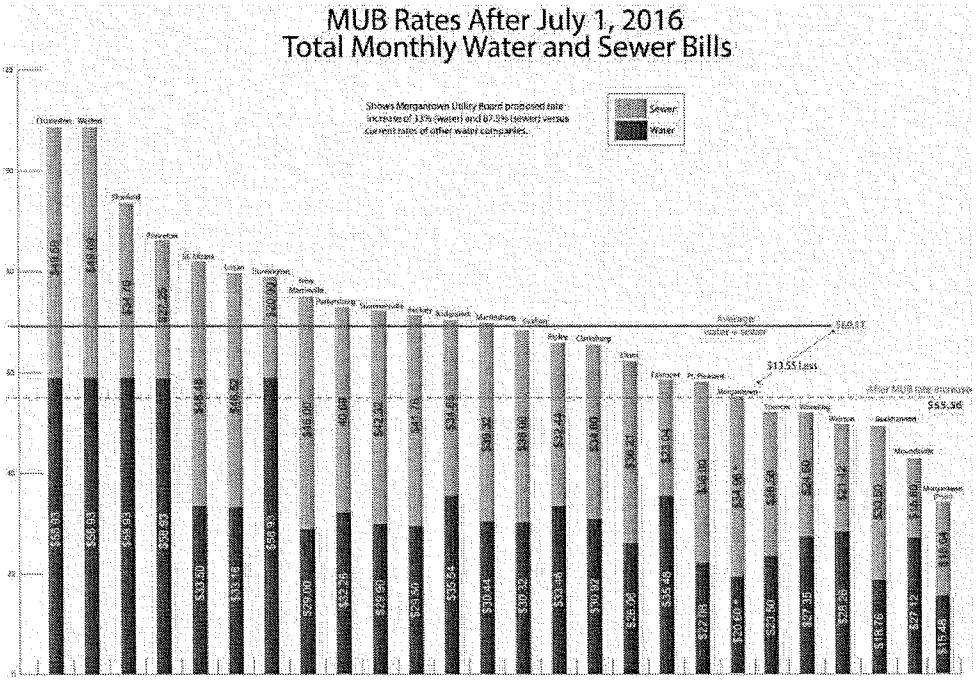
Most of MUB's rate increases have been initiated as a result of new projects and the need to increase revenues for project-related debt service. These project-related increases have also included additional new revenues to address increased O&M expenses. The need for general inflation based rate increases is limited by several favorable factors, including:

- Sustained customer growth
- Sustained system growth by both system extensions and acquisitions
- Investment income
- Rents and leases
- Additional revenues earned by sale of services to other utilities, including
    - Operation and Maintenance
    - Billing and collection

By aggressively managing the above, MUB maintains some of the lowest rates in the State. The two graphics below illustrate this comparison. The graphics were used in the recent public outreach campaign in connection with the Project and the Water Reservoir Project, and their titles are now outdated.

MUB Rates Prior to July 1, 2016
Total Monthly Water and Sewer Bills





Before July 1, 2016, a MUB customer using 4,000 gallons of water paid a combined water/sewer bill of $34.12. That ranked as the lowest cost of 25 comparable systems throughout the State, and $34.99 below the statewide average of $69.11. Compared to the neighboring cities of Clarksburg and Fairmont, the same consumption in those areas would cost $65.52 and $58.52, respectively. Residents of Charleston, the State Capital, pay $108.62.

After July 1, 2016, a MUB customer using 4,000 gallons pays a combined water/sewer bill of $55.56. That ranks as the sixth lowest cost of 25 comparable systems throughout the State, and is still $13.55 below the statewide average of $69.11. Compared to the neighboring cities of Clarksburg and Fairmont, the new MUB rate is lower by $9.96 and $2.96, respectively. The new MUB rate is $53.06 less than that of Charleston.

The increase in the typical MUB monthly bill used in the above examples is $21.44. That represents a combined 62.8% increase for the average residential customer (33% for water and 87.5% for sewer). That percentage is relatively large, in part, because it is based on extremely low original rates. That same $21.44 monthly increase would be 33% in Clarksburg, 37% in Fairmont, and only 20% in Charleston.

MUB Retail Customer Collection Process

The 10 year average of uncollectible accounts is less than 0.33% percent of invoices issued for utility services.

MUB employs a regimented collection protocol, including written reminder notices, text messages, and phone calls to customers with late accounts. Upon default, and pursuant to tariff and state law, MUB will physically terminate water service for a past due account. Reactivation of service occurs only upon full payment of the account and a deposit made as guarantee against future service billing. Pursuant to MUB policy and state law, MUB offers payment arrangements in hardship cases. However, no free service is offered or provided to any customer, private or public.

New customers must provide a security deposit before service is provided. The deposit is held for a minimum of 1 year and, if the account is and has been current, it is returned as a credit on a bill. In the case of unpaid final bill balances, with which there is no active customer account, the accounts are referred to a third party collection agency 30 days after the bill is past due.

MUB Retail Customer Uncollectible Accounts

FYE (ending June 30)	Water	Morgantown Sewer	Cheat Sewer	Storm	Total	% of Total Revenues	Total Revenues
2016	$20,866	$21,929	$1,931	$3,394	$48,120	0.382%	$12,598,036
2015	$25,958	$30,273	$1,917	$3,530	$61,678	0.477%	$12,931,756
2014	$17,708	$24,400	$2,873	$4,498	$49,479	0.376%	$13,151,596
2013	$8,991	$18,039	$7,230	$10,764	$45,024	0.316%	$14,247,159
2012	$12,158	$19,189	$2,911	$5,673	$39,931	0.268%	$14,913,693
2011	$26,438	$17,729	$3,381	$4,101	$51,649	0.341%	$15,152,814
2010	$10,578	$16,845	$2,770	$3,544	$33,737	0.183%	$18,449,323
2009	$12,216	$17,504	$2,705	$3,378	$35,803	0.165%	$21,717,305
2008	$12,772	$15,290	$2,991	$3,246	$34,299	0.155%	$22,156,348
2007	$12,122	$15,537	$2,498	$4,240	$34,397	0.149%	$23,045,380
2006	$11,942	$16,261	$1,474	$3,525	$33,202	0.143%	$23,145,261

MUB Wholesale Customer Collection Process

The PSC has retained jurisdiction over collection issues between utilities. Accordingly, in the event that any of the Water Resale Customers or Sewer Resale Customers becomes delinquent, the PSC is the appropriate venue for MUB to seek redress. The PSC has the authority to order the rates of a resale customer increased and/or the imposition of a surcharge in order to assure the full payment to MUB. MUB does not have the ability to terminate service to any resale customer without PSC approval.

Currently, Pleasant Valley Public Service District, a water resale customer ("Pleasant Valley"), has an arrearage to MUB of approximately $200,000. MUB filed a complaint case at the PSC, Case No. 16-0797-PWD-19A, seeking the imposition of rates and/or a surcharge upon the Pleasant Valley customers to repay the obligation to MUB. The case is currently pending before the PSC, and MUB anticipates that the full arrearage, with late fees, will be repaid.

LITIGATION

There is not now pending or, to the best of the Issuer's and MUB's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2016 A Bonds or questioning or affecting the validity of the Series 2016 A Bonds, the proceedings and authority under which they are to be issued, nor is the creation, organization, or existence of the Issuer or MUB being contested. Nor is there any litigation pending or, to the best of the Issuer's and MUB's knowledge, threatened which (i) in any manner questions the right of the MUB to operate the Combined Utility System or MUB's right to conduct its activities in accordance with the provisions of the Act and of the Series 2016 A Ordinance, or (ii) if determined adversely to MUB, would have a material adverse impact on the financial condition of the Combined Utility System.

The Issuer and MUB 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 MUB. Any such litigation is of a routine nature which does not affect the right of the Issuer or MUB 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 2016 A Bonds are subject to the unqualified approving opinion of Steptoe & Johnson PLLC, Bond Counsel, whose opinions will be delivered concurrently with the delivery, upon original issuance, of the Series 2016 A Bonds, substantially as set forth as "APPENDIX D – FORM OF BOND COUNSEL OPINION" herein. Steptoe & Johnson PLLC also serves as Disclosure Counsel to the Issuer and MUB. Certain legal matters will be passed upon for the Issuer by Ryan

Simonton, Esquire, City Attorney. Certain legal matters will be passed on for MUB by its General Counsel, Timothy Stranko. Jackson Kelly PLLC will pass upon certain matters as counsel for the Underwriters.

CONTINUING DISCLOSURE

The Issuer has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2016 A 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, 2016, and to provide notice of the occurrence of enumerated events, all as further described in the Continuing Disclosure Agreement to be entered by the Issuer in substantially the form attached as "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein. The Annual Financial Information and each notice of enumerated events is required to be filed electronically by DAC, as dissemination agent on behalf of the Issuer, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriters in complying with Rule 15c2-12 promulgated by 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 2016 A Ordinance or the Series 2016 A Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE 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 agreements with respect to certain of the Prior Bonds. Despite the existence of these prior continuing disclosure agreements and the Rule (as described above), the Issuer:

Failed to timely file Audited Financials for the fiscal years ended June 30, 2012, June 30, 2013, June 20, 2014 and June 30, 2015, and failed to timely file notices of failure to timely file such Audited Financials in each such instance;

Failed to timely file Operating Data for the Combined Utility System for the fiscal years ended June 30, 2011 and June 30, 2009, and failed to timely file notices of failure to timely file such Operating Data in each such instance; and

Failed to timely file notices of rating changes related to the insurer of the Issuer's Series 2010 A and Series 2010 F Bonds, and failed to timely file notices of failure to timely file notices of such rating changes in each such instance.

All such filings of Audited Financials and Operating Data, as well as material event notices, have been made as of the date hereof, as well as all notices of failure to timely make all such filings.

The Issuer has engaged DAC to serve as dissemination agent for the Series 2016 A Bonds, as well as the Series 2010 A Bonds, the Series 2010 F Bonds and the Series 2012 C 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 2016 A Bonds (i) is excludable from gross income of the holders thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Code; (ii) is not a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the federal alternative minimum tax imposed on individuals and corporations; provided, however, that interest on the Series 2016 A Bonds is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on corporations; and (iii) under the laws of the State of West Virginia, the Series 2016 A Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the 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 2016 A Bonds to be or continue to be excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2016 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation, including retroactively to the date of issuance of the Series 2016 A 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 2016 A Ordinance and the Tax Certificate relating to the Series 2016 A 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 2016 A Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2016 A Bonds will be selected for audit by the IRS. It is also possible that the market value of the series 2016 A Bonds might be affected as a result of such an audit of the Series 2016 A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the series 2016 A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series 2016 A Bonds or their market value.

Special Considerations with Respect to the Series 2016 A Bonds

The accrual or receipt of interest on the Series 2016 A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2016 A Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Prospective purchasers should be aware of certain collateral consequences which may result under federal tax law for certain holders of the Series 2016 A Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2016 A Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2016 A Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the Series 2016 A Bonds, (iii) interest on the Series 2016 A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the series 2016 A Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income, (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income receipts or accruals of interest on the Series 2016 A Bonds, and (vi) receipt of investment income, including interest on the Series 2016 A Bonds, may, pursuant to Section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit provided by Section 32(a) of the Code.

Backup Withholding

Interest paid on tax-exempt obligations such as the Series 2016 A Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Series 2016 A Bonds from gross income for federal tax purposes.

Changes in Federal and State Tax Law

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2016 A Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Series 2016 A Bonds or the tax consequences of ownership of the Series 2016 A Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2016 A Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including the limitation of federal tax expenditures, are expected to be under ongoing consideration by the United States Congress. These efforts to date have included proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation. Future proposed changes could affect the market value or marketability of the Series 2016 A Bonds, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Series 2016 A Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2016 A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016 A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016 A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Original Issue Discount

Original issue discount ("OID") is the excess, if any, of the stated redemption price at maturity over the issue price. The issue price is the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the debt instrument was sold. The Series 2016 A Bonds maturing on December 1, 2028 and 2034 and the 4.000% Series 2016 A Term Bonds maturing on December 1, 2046 (collectively the "Series 2016 A Discount Bonds"), were sold with OID. For federal income tax purposes, OID accrues to the owner of a Series 2016 A Discount Bond over the period to maturity based on the constant yield method, compounded annually (or over a shorter permitted compounding interval selected by the owner). The portion of the OID that accrues during the period of ownership of a Series 2016 A 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 2016 A 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 2016 A Discount Bond. A purchaser of a Series 2016 A Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Series 2016 A Discount Bond.

Owners of Series 2016 A 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 2016 A Discount Bonds as to other federal tax consequences, and the treatment of the OID for purposes of state and local taxes on, or based on, income.

Original Issue Premium

The Series 2016 A Bonds maturing on December 1, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2029, 2030, 2031, 2032, 2033, 2035, 2036 and 2041 and the 5.000% Series 2016 A Term Bonds maturing on December 1, 2046 (collectively the "Series 2016 A 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 2016 A Premium Bonds" or their earlier call date in the case of the "Series 2016 A Callable Premium Bonds." The difference between the principal amount payable at maturity of the Series 2016 A Noncallable Premium Bonds and the tax basis of a Noncallable Premium Bond to a purchaser and the difference between the amount payable at the

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call date of the Callable Series 2016 A 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 2016 A Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) will be "bond premium." For federal income tax purposes, bond premium is amortized over the period to maturity of a Noncallable Series 2016 A Premium Bond. A purchaser of a Series 2016 A Premium Bond will be required to decrease his or her adjusted basis in the Series 2016 A 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 2016 A Premium Bond.

Owners of Series 2016 A 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 2016 A 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 2016 A Insurance Policy issued by AGM, S&P Global Rating Services, a division of the McGraw Hill Companies, Inc. ("S&P") is expected to assign a rating of "AA" (stable outlook); Moody's Investors Service,. Inc. ("Moody's") is expected to assign a rating of "A2" (stable outlook); and Kroll Bond Rating Agency ("KBRA") is expected to assign a rating of "AA+" (stable outlook) to the Series 2016 A Bonds.

S&P and Moody's have assigned the Series 2016 A Bonds underlying ratings of "A+" (stable outlook) and "A1", respectively.

The Issuer did not apply for any other ratings.

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 or Moody's, respectively. Certain information and materials not included in this Official Statement were furnished by the Issuer to S&P and Moody's. 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 or Moody's, as applicable, circumstances so warrant. The Underwriters have undertaken no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings of the Series 2016 A 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 2016 A Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc., has served as financial advisor (the "Financial Advisor") to the Issuer and MUB with respect to the issuance of the Series 2016 A Bonds. MUB has retained Public Financial Management, Inc. as Financial Advisor in connection with various matters relating to the delivery of the Series 2016 A Bonds. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the underwriting or distribution of securities.

UNDERWRITING

The Series 2016 A Bonds are being purchased by the Underwriters named on the cover of this Official Statement. The Bond Purchase Agreement provides that the Underwriters will purchase all the Series 2016 A Bonds, if any are purchased, at a purchase price of $74,360,351.88, representing the par amount of the Series 2016 A Bonds less an Underwriters' discount of $277,937.12, plus a net original issue premium of $4,883,289.00. 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 Underwriters may change the initial public offering

prices from time to time. The Underwriters may offer and sell Series 2016 A Bonds to certain dealers (including dealers depositing Series 2016 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof, and such public offering price also may be changed without prior notice, from time to time, by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of MUB directly, as collateral securing other obligations or otherwise and/or persons and entities with relationships with MUB. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements (and reports with respect thereto) of the Morgantown Utility Board as of June 30, 2016. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. MUB has obtained the consent of Perry & Associates, Certified Public Accountants, A.C. to publish the 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 2016 A Bonds.

Copies of the Series 2016 A Ordinance, the Undertaking, the Act and other applicable documents may be obtained from the Issuer at the following address:

The City of Morgantown
Attention: City Manager
389 Spruce Street
Morgantown, West Virginia 26505

or, during the period of offering the Series 2016 A Bonds, from the Underwriters. Ongoing financial information may be obtained from the Issuer at the address set forth above.

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This Official Statement has been duly approved and its execution and distribution authorized by the Issuer and the Morgantown Utility Board.

THE CITY OF MORGANTOWN (WEST VIRGINIA)

By: /s/ Marti Shamberger
Mayor

MORGANTOWN UTILITY BOARD

By: /s/ Timothy Ball
General Manager

APPENDIX A

The City of Morgantown (West Virginia)

ECONOMIC AND DEMOGRAPHIC DATA

General

The City of Morgantown is the County seat of Monongalia County, located along the Monongahela River and close to the Pennsylvania border, in north central West Virginia. Morgantown is home to West Virginia University, the largest institution of higher education in the State with an annual enrollment of approximately 28,776 students and is the medical, cultural, and commercial hub of the region. The population in Morgantown is estimated at 30,000.00.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County has been one of the fastest growing counties in the State over the last two decades.

Morgantown and Monongalia County have consistently experienced some of the lowest unemployment rates in the State. Major employers in the City include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, and West Virginia University.

One-half of the population of the United States, and one-third of the population of Canada, is located with 500 miles of Morgantown. Morgantown is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets.

City Government

The City of Morgantown is governed by a City Manager Council form of government, which was adopted in the City Charter in 1977.

Council member terms are two years in duration, with members being voted onto council for each of seven wards. The terms of Council members are not staggered; thus all seven council seats are up for election every two years. Council members must be sponsored by 75 registered voters from their ward to be placed on the election ballot. Once on the ballot, council members are elected by all voters of the City. The Mayor is elected from the members of council, by the council members, every two years.

The current members of the City Council are as follows:

MEMBER	TERM EXPIRES
Marti Shamberger, Mayor	June 30, 2017
Ron Bane	June 30, 2017
Bill Kawecki	June 30, 2017
Wes Nugent	June 30, 2017
Jennifer Selin	June 30, 2017
Jay Redmond	June 30, 2017
Nancy Ganz	June 30, 2017

Population

The population of The City of Morgantown for the last decade is set forth below:

Year	Population	Year	Population
2010	28,984	2015	30,708
2009	30,333	2014	31,073
2008	29,639	2013	30,666
2007	29,308	2012	30,273
2006	29,217	2011	29,860

Source: U.S. Census Bureau

The total population for The City of Morgantown and Monongalia County from 1970 to 2010 are as follows

Year	Morgantown	Monongalia County	Area*
1970	29,431	63,714	N/A
1980	27,605	75,024	410,500
1990	28,280	75,645	381,100
2000	26,697	81,907	394,897
2010	28,984	96,776	

*Represents Monongalia County and six contiguous counties including Fayette County and Greene County in Pennsylvania and Marion County, Preston County, Taylor County and Wetzel County, West Virginia.

Additional Information on Monongalia County for 2010 includes:

Population	96,776
Households	43,238
Persons per Household	2.24

Transportation and Location

The City of Morgantown is served by the following:

Highways:
I-79 and I-68; U.S. 19 and 119; WV 7, 100 and 218

Transit:
Greyhound Bus Lines; Mountain Line (city/county transit); WVU Personal Rapid

Transit Railroads:
Norfolk-Southern Railroad offers daily freight service.

Air:
Morgantown Municipal Airport (Hart Field) offers daily commuter service to Pittsburgh via US Air Express. Pittsburgh International Airport is 80 miles north of Morgantown.

Water:
The Monongahela River is a navigable waterway with a nine-foot channel depth.

Highway Distances from Morgantown (miles)

City	Distance from Morgantown, WV (miles)
Baltimore, MD	212
Charleston, WV	156
Charlotte, NC	376
Chicago, IL	529
Cleveland, OH	201
Columbus, OH	205
New York, NY	379
Philadelphia, PA	313
Pittsburgh, PA	75
Washington, DC	209

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 Monongalia County for the school years 2014-2015:

Type of school	Public	Private
Elementary Schools (PK-6)	11	4
Middle Schools (varies 5-8)	5	5
High Schools (varies 7-12)	3	2
Technical Centers	1	0
Alternative Education	0	1

Source NCES, 2010-2011

The total public school enrollment for Monongalia County in 2014-2015 was 11,192 students. The combined graduation rate for 3 high schools was 90.7%. The pupil/teacher ratio is 15.2:1.

Source: NCES, WV SBA

Higher Education

West Virginia University ("WVU") is located in Morgantown and is the flagship institution of higher education in the State of West Virginia. A public land grant institution, WVU was founded in 1867. WVU has 135 colleges and schools that offer 191 bachelor, masters, doctoral and professional degree programs. WVU is a "Carnegie Research University" and as such, is one of the nation's top research universities.

Source: www.wvu.edu

Other post-secondary schools in the State include West Virginia Junior College in Morgantown, Fairmont State University in Fairmont, West Virginia; Salem International University in Salem, West Virginia and Waynesburg University in Waynesburg, Pennsylvania.

Libraries

The Morgantown Public Library System consists of the main facility in downtown Morgantown, as well as four branches located in the Cheat Lake Area, Clinton District, Clay-Battelle and Aull Center. One library card can be used throughout the entire Northern Library Network. Free public access to Internet terminals with word processing capabilities is available and the library system offers a wide variety of free day and evening programs.

The West Virginia University Library supports the teaching, research and service functions of WVU. The libraries contain close to 1.9 million History OnView website catalogs/volumes, 229 electronic databases and more than 45,000 online full-text journals, with access to 36 million volumes through a book-sharing consortium. In addition, the West Virginia University Library contains 40,000 historical photos. The libraries also subscribe to more than 5,000 print periodical titles and have access to more than 17,000 electronic journals. The library system includes five libraries: the Downtown Library Complex, the Libraries Depository, the Law Library, the Health Sciences Library and the Evansdale Library.
Source: www.wvu.edu

Health Care

Hospitals The Monongalia General Hospital is an accredited, community-based hospital providing a full range of inpatient, surgical, medical, outpatient, and emergency room services. As a 189-bed general hospital, Monongalia General Hospital is the flagship of Monongalia Health System (MHS), an integrated health care delivery system, which offers a full range of health care services. Monongalia General Hospital's web site is www.monhealth.com.

The Robert C. Byrd Health Sciences Center of West Virginia University offers a full range of health care, provided by WVU faculty physicians and associated professionals. Ruby Memorial Hospital is the largest facility in the WVU Hospitals family, which includes WVU Children's Hospital, a same-day surgery center, a skilled nursing unit, and the region's only Level 1 trauma center. Also on the health science campus are the Mary Babb Randolph Cancer Center, Chestnut Ridge psychiatric hospital, the Sleeth Family Medicine Center, and HealthSouth Mountainview Regional Rehabilitation Center. WVU also hosts a major facility of the National Institute for Occupational Safety and Health. The campus is home to the state's helicopter ambulance service and is served by a nearby Ronald McDonald House. The Health Sciences Center web site is at www.wvu.edu.

Health Clinics The following are health clinics located in and around Morgantown: Clay Battelle Community Health Center; Morgantown Orthopedic Associates, Inc.; WVU - Cheat Lake Medical Associates Center for Excellence in Disabilities; Community Medical Associates; Cheat Lake Urgent Care; Physicians Office Center; Monongalia County Health Department; Morgantown Ear, Nose and Throat Clinic; Valley Community Mental Health Center; Morgantown Health Right Clinic; VanVoorhis Family Practice Center.

Utilities

The following public utilities provide service in Morgantown:

Electric: Allegheny Power
Natural Gas: Dominion Hope, Mountaineer Gas Company
Water, Sewer, and Stormwater: Morgantown Utility Board

Employers
The top employers in The City of Morgantown and Monongalia County:

Employer
West Virginia University
West Virginia University Hospital
Mylan Pharmaceuticals, Inc
Monongalia Board of Education
Monongalia General Hospital
Wal-Mart Stores, Inc.
WV University Medical Corporation (University Health Associates)
Gabriel Brothers, Inc.
Teletech Customer Care Management (WV) Inc.
The Kroger Company

Source: Workforce WV (March 2015)

Unemployment
The average annual percentage of unemployment rates is as follows:

Year	City of Morgantown	Monongalia County	West Virginia	United States
2006	3.6	3.2	4.5	4.4
2007	3.2	2.9	4.2	5.0
2008	3.4	2.7	4.3	7.3
2009	6.8	4.4	7.9	9.9
2010	6.1	5.5	9.1	9.3
2011	5.7	5.0	7.4	8.5
2012	5.4	4.8	7.3	7.9
2013	4.6	4.0	6.7	6.7
2014	3.7	3.7	5.9	5.6
2015	5.7	3.8	6.2	5.0
August 2016	4.7	4.5	5.7	4.9

Source: Workforce WV, U.S. Bureau of Labor Statistics

Taxes

Local Property Tax (2015 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5055	1.0110	2.0220
Morgantown	.6305	1.2610	2.5220

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 Morgantown, Westover, and Star City. 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.

State Sales Tax:
6 percent.

Local Income Tax:
There is no local or county income tax.

State Income Tax: 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

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



MORGANTOWN UTILITY BOARD

(A Component Unit of the City of Morgantown)

Monongalia County

For the Years Ended June 30, 2016 and 2015

RFP # 16-224

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
Monongalia County

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Vienna, WV 26105
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104 South Sugar St.
St. Clairsville, OH 43950
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INDEPENDENT AUDITOR'S REPORT

October 31, 2016

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the 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 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 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 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 audit opinion.

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 the Morgantown Utility Board, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years 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,* the *Schedule of Proportionate Share of Net Pension Liability* and the *Schedule of Contributions* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Statements of Revenues, Expenses and Changes in Net Position for the Water Department, Sewer Department, Cheat Sewer Department and Storm Water Department present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of the 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 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

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
For the Years Ending June 30, 2016 and 2015
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Morgantown Utility Board offers the following overview and analysis of the basic financial statements for the fiscal year ended June 30, 2016. Management encourages readers to utilize information in the Management Discussion and Analysis in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- MUB operating revenues remained stable, increasing only slightly from the prior year. While we continue to experience growth, the unusually wet spring and early summer months of 2015 negatively impacted sales. Normal operating expenses increased at the expected rate of approximately 5.5% over prior year. In addition to the normal expenses, MUB expensed nearly $.5 million on tank painting projects throughout the system.

- MUB has committed to fund from its investment portfolio the engineering design costs of the upcoming upgrade of the Star City waste water treatment plant. The market value of the portfolio decreased by $2.14 million over the past fiscal year due mostly to withdrawals. The portfolio will be replenished with the proceeds from a future bond issue.

- MUB also partially funded preliminary studies and design on an upcoming project to build a reservoir as a secondary water source. Approximately $1.2 million was capitalized from unspent bond proceeds from the 2010 issue.

- On June 10, 2015, MUB issued 2015E combined utility system revenue bonds in the amount of $662,300 and an IJDC Grant in the amount of $818,636 for the construction of the Sunshine Estates sewer project. As of June 30, 2016, draws totally $1,060,700 were received.

- MUB's net property plant and equipment increased by over $2 million in 2016. Additions to utility plant in service were $5.7.million. Retirements from utility plant in service totaled $141,000. Construction work in progress was $14.5 million at June 30, 2016.

- Depreciation expense was $8.7 million, an increase of $293K from 2015.

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(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Management's Discussion and Analysis
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OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements provide information about the activities of MUB as a whole. The Statement of Net Position and the Statement of Activities provide information about the activities of the Board as a whole and present a long-term view of the Board's finances.

Reporting Morgantown Utility Board as a Whole

The Morgantown Utility Board operates all activities as propriety funds, same as a private business. MUB's basic financial statements include four components:

The Statement of Net Position presents information on MUB's assets and liabilities with the difference between the two reported as Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how MUB's net position changed during the two most recent fiscal years. Results of operations are reported as underlying events occur, regardless of the timing of the cash flows. Revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, (For example: billed but uncollected revenues, and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital financing, and investing activities.

The Notes to the Financial Statements provide additional information that is essential to fully understand the data provided in the financial statements.

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FINANCIAL ANALYSIS

Changes in Net Position

Net Position

MUB's combined net position increased by $178,155 over the previous year to $107,081,545. Of this total $112,610,918 was invested in capital assets net of related debt, $3,556,196 restricted for debt service, and $(9,085,569) unrestricted.

Schedule of Net Position

	2016	2015	2014
Assets			
Current Assets	$ 6,502,927	$ 6,626,268	$ 6,296,371
Noncurrent Assets	9,511,830	13,391,138	15,032,686
Capital Assets, net	204,917,186	202,902,254	187,624,724
Total Assets	$ 220,931,943	$ 222,919,660	$ 208,953,781
Deferred Outflows of Resources	2,380,970	555,799	-
Total Assets and Deferred Outflows of Resources	**$ 223,312,913**	**$ 223,475,459**	**$ 208,953,781**
Liabilities			
Current Liabilities	$ 6,924,109	$ 6,166,025	$ 5,715,846
Noncurrent Liabilities	108,896,738	109,914,737	103,601,264
Total Liabilities	115,820,847	116,080,762	109,317,110
Deferred Outflows of Resources	410,521	491,307	-
Total Liabilities and Deferred Inflows of Resources	**$ 116,231,368**	**$ 116,572,069**	**$ 109,317,110**
Net Position			
Net Investment in Capital Assets	112,610,918	109,167,100	98,082,971
Restricted for Debt Service	3,556,196	3,595,055	3,207,396
Unrestricted	(9,085,569)	(5,858,765)	(1,653,696)
Total Net Position	**$ 107,081,545**	**$ 106,903,390**	**$ 99,636,671**

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
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For the Years Ending June 30, 2016 and 2015
(Unaudited)

Schedule of Revenues, Expenses, and Changes in Net Position

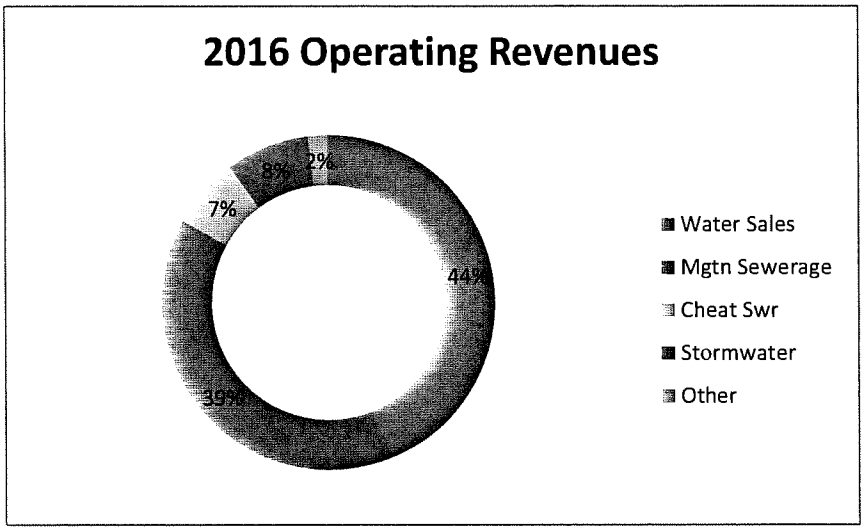
	2016	2015	2014
Operating Revenues:			
Water Sales	$ 10,255,155	$ 10,416,169	$ 10,470,750
Sewer Sales	10,784,194	10,578,866	9,696,839
Storm Water Sales	1,896,211	1,847,052	1,810,694
Misc / Other	445,763	470,265	488,258
Total Operating Revenues	23,381,323	23,312,352	22,466,541
Operating Expenses:			
Operations	12,693,075	11,061,400	10,670,943
Maintenance	2,830,053	2,707,114	2,667,714
Depreciation	8,692,352	8,398,878	8,050,420
Total Operating Expenses	24,215,480	22,167,392	21,389,077
Operating Income	(834,157)	1,144,960	1,077,464
Net Nonoperating Income (Expense)	(2,125,110)	(3,322,814)	(2,169,211)
Income(Loss) Before Contributions	(2,959,267)	(2,177,854)	(1,091,747)
Contributed Capital	3,137,422	9,444,573	5,204,999
Change in Net Position	178,155	7,266,719	4,113,252
Net Position Beginning of Year	106,903,390	99,636,671	100,925,868
Effect of Implementation of GASB 68	-	-	(5,402,449)
Net Position End of Year	**$ 107,081,545**	**$ 106,903,390**	**$ 99,636,671**

Operating revenues of $23,381,323 increased by $68,971 from the prior fiscal year. Service revenues are the primary revenue source accounting for 98% of operating revenues.

Income from investments was $155,149, a 19% decrease from 2015. Income from the investment portfolio is used to subsidize both operations and maintenance as well as system capital improvements. At June 30, 2016 the market value of the portfolio was $4.8 million. Market exceeded cost by $241,400.

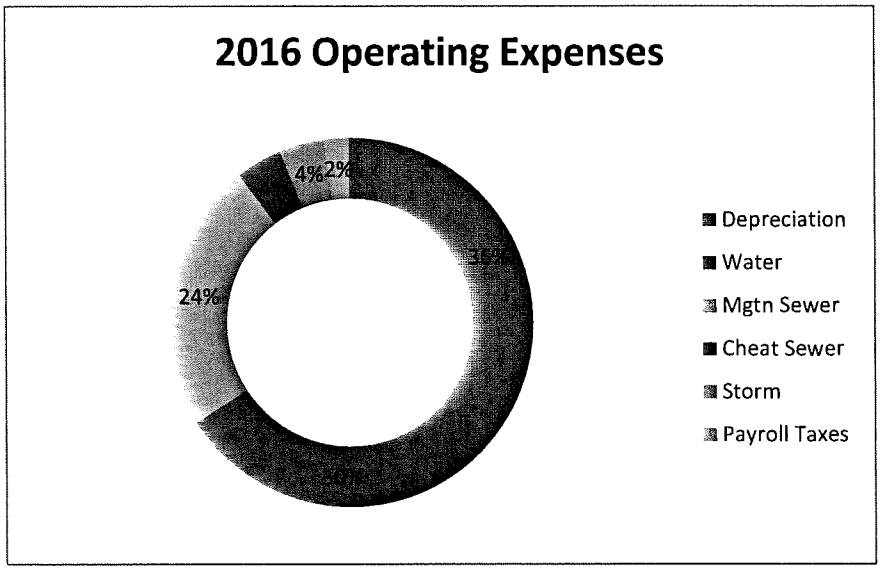
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Operating expenses in 2016, net of depreciation, increased by $1.7 million or 13% over 2015. Over one third of this increase ($478,000) is attributed to water tank painting projects. Other notable increases are attributed to funding employee benefits ($673,000) such as health insurance, workers compensation, and retirement, an increase in power used for cost of treatment and pumping ($228,000), and increase in watershed protection ($72,000), MUB total salaries in 2016 increased $340,000 or 4.8% above 2015 salaries.

From year to year, we will see shifts in operation and maintenance costs between water, sewer and stormwater, depending upon concentration of efforts. In 2016, we saw an increase in sanitary sewer and storm collecting costs of $115,000 and an increase in water transmission and distribution cost of $103,000. Capitalized labor was $980,000 in 2016 as compared to $960,000 in 2015, an increase of $20,000.



Budgetary Highlights

The Morgantown Utility Board Members approve each year the Utility's budget. Over the course of the year, significant deviations from budget are noted and reported on a monthly basis to Board Members.

In 2016, MUB budgeted revenues were $24.7 million actual revenues were $24.6 million - .5% under budget. Budgeted expenses, excluding depreciation, were $15.2 million. Actual expenses were $15.3 million – .8% over budget.

A total of $10.5 million was spent on capital improvements.

Capital Asset and Debt Administration

Capital Assets

At the end of 2016, MUB had $320 million invested in capital assets ($205 million net of accumulated depreciation), including treatment facilities; buildings; equipment; and water, sewer, and storm lines. Major additions during the fiscal year included:

$2,012,508 – Waste Water Treatment Plant Upgrade – Design Cost. MUB is planning a major upgrade to the Star City Wastewater Treatment Plant (WWTP). The upgrade includes the decommissioning of the existing rotating biological contactor treatment process, and the addition of a membrane filtration treatment process. The existing activated sludge treatment process will remain. The upgrade will increase the 30-day average capacity of the WWTP to 20.78 million gallons per day. Other upgrades at the WWTP include; a new headworks building, a new concrete silo digester, renovations and additions to the existing control building, ultra-violet disinfection, and various other plant and site improvements.

$1,179,596 – Sunshine Estates – This extension has been constructed to eliminate the failing treatment plant privately owned by the Sunshine Estates Homeowners Assoc. The project included the installation of +/- 1,750' of 8-inch PVC gravity sanitary sewer, +/- 5,650' of 4-inch PVC force main, 1- new lift station, replace 3- existing lift stations, and replace +/- 1,200' of 8-inch gravity main.

Capital Asset and Debt Administration (continued)

$902,418 – Cobun Creek Reservoir #2 – Design Cost. MUB is planning to construct a new raw water reservoir as a secondary source water for the purpose of providing +/- 33 days of raw water storage in the event that the Monongalia River is unavailable for use. The construction will consist of an earthen and concrete impoundment with a storage capacity of 370 million gallons.

$743,840 – Vehicle and Equipment Purchases

$550,839 – Installation of new and replacement water services.

$548,219 – WV DOH Martin Hollow – This relocation was requested by the WV Dept. of Highways to facilitate the construction of a new interchange along Interstate 79. As part of this relocation, approximately 2,250 feet of 12" ductile iron water line was used to replace and upgrade the existing 6" pvc water line in Martin Hollow Road.

$480,872 – annual refunds of construction deposits to developers on main line extensions projects for customers accepting service from extensions.

$426,069 – Source Water Protection Plan -This multi-faceted program will minimize the potential for a source water contamination; and to prepare a contingency plan for the response and communication to the affected parties, in the event that a contamination would occur.

$299,431 – This project was a coordinated effort with the WV Dept. of Highways to increase the drainage capacity of the storm sewer lines from Killarney Drive to WV Rt. 705. Construction of approximately 600 feet of 42" pipe, 60 feet of 15" pipe, 5 type "B" inlets, and 4 manholes was necessary for the completion of this project.

$264,187 – Installation of new and replacement sewer services.

$184,033 – Sanitary sewer relocation for the WV Dept. of Highways to facilitate the construction of the realignment of the Easton Mill intersection.

$153,838 – Computer hardware and software purchases and upgrades.

$105,764 – Forest Drive – Sewer Restoration +/-1,314 linear feet of 12-inch PVC SDR35 Sanitary Sewer Pipe, 7 Precast Concrete Manholes, Reconnection of 17 Sanitary Sewer Service Laterals, +/-56 linear feet of 48-inch High Density Polyethylene Pipe, +/-20 linear feet of 24-inch PVC SDR35 Storm Sewer Pipe, 2 Type "G" Precast Concrete Inlets, +/-1,330 linear of Stream Restoration, and related appurtenances.

Long-term Debt

Bond proceeds are to fund several ongoing major capital improvement projects, many of which are included in the Capital Asset section above.

The 1995 bond issue matured on December 1, 2015.

The 2001A bond issue matured on December 1, 2015.

On June 11, 2015 MUB issued 2015E Bonds, West Virginia DWTRF Program, principal amount $662,300. As of June 30, 2016 the full proceeds had been drawn.

Capital Asset and Debt Administration (continued)

The 2014B issue had remaining proceeds of $5,447 on June 30, 2016. Remaining proceeds on all other outstanding issues were spent on capital improvements during 2016.

MUB had over $3.5 million on deposit with the WV Municipal Bond Commission as of June 30, 2016.

During the fiscal year MUB retired $3.9 million of existing debt. New debt consisted of draws on the 2015E issue of $636,800. At June 30, 2016, MUB had $92.3 million revenue and refunding bonds outstanding. More information regarding terms can be found in Note 6 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Throughout the 2015-2016 fiscal year, the Morgantown Utility Board (MUB) continued its routine capital improvement program (CIP). Routine CIP expenditures, not including projects funded with municipal bonds, still average nearly $4 million annually. This evidences a strong commitment to system renewal and replacement.

A 33% water rate increase was approved Feb 2, 2016 and went into effect on July 1, 2016. The primary purpose of the increase is to fund improvements to the raw water storage facilities of the drinking water system. Construction of the improvements is set to begin in February of 2017. By implementing this increase prior to the start of construction, MUB will be able to use accumulated revenues to make a $1 million equity contribution to the project funding, and will avoid capitalized interest charges during the construction period. This increase will also provide additional funds for operation and maintenance, looking forward for three years.

An 87.5% sewer rate increase was approved Feb 2, 2016 and went into effect on July 1, 2016. The primary purpose of the increase is to fund improvements to the wastewater treatment facilities of the sewer system. Construction of the improvements is set to begin in December of 2016. By implementing this increase prior to the start of construction, MUB will be able to use accumulated revenues to make a $2.2 million equity contribution to the project funding, and will avoid capitalized interest charges during the construction period. This increase will also provide additional funds for operation and maintenance, looking forward for three years.

Most of MUB's residential customers will remain billed on a bi-monthly basis. But the recent rate increases were accompanied by new monthly payment options in order to help make those combined bills more affordable.

Sanitary sewer rates in the Cheat Lake area were not included in the above described increases. The Cheat Lake system is a physically separate system, apart from that of the larger Morgantown system, and is managed and charged based on its own cost of service. The Cheat lake sewer rates were last increased (by 24%) in July 2014. That increase successfully addressed revenue shortfalls in the Cheat Lake service area.

Stormwater rates were last increased (by 10%) in 2012 to support a $2.6 million stormwater project in the Sabraton area of Morgantown. An additional $500,000 was borrowed in 2014 to fund a stormwater project in the Forest Drive area, but debt service for that loan is paid via a special surcharge that applies only to the customers of that area, leaving base rates to all other customers unaffected. Stormwater revenues and expenditures remain steady and in balance.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Similar debt service surcharges have been used to fund other recent water and sewer projects. Such surcharges ease the cash flow burden for new customer groups, who would otherwise be unable to afford the cost of main line extensions to serve their area. Such extensions are done at the customers' expense under PSC Rule 5.5. But, by borrowing the funds on behalf of the customers, and recovering the debt service via the surcharge, MUB creates a mechanism that allows new customers to spread their cost to a more affordable form, while leaving base rates to all other customers unaffected. MUB is currently planning a new water extension to the Rockley Road area that will utilize the surcharge approach.

MUB continues to complete routine water/sewer line extensions for new apartments and housing units. The pace of new construction for system additions remains strong in the current fiscal year, reflecting recovery from the slowdown of the national economy. Many new system additions have been to serve higher density apartment complexes aimed at the University student market, and involved upgrades of existing capacity consistent with urban redevelopment. Initial indicators show continued growth in general in the coming year.

There were no new acquisitions of water or sewer systems in the recent year. However, MUB remains attentive to conditions and circumstances of neighboring systems and for opportunities to expand through favorable system acquisitions.

A significant change in PSC regulations has simplified current and future MUB projects and rate increases. SB 234 was enacted by the WV Legislature and became effective June 12, 2015. It partially deregulated certain aspects of regulations applicable to MUB. Rate making is no longer subject to PSC review, except in certain unlikely cases. Morgantown City Council (which has always enacted MUB rates through the City ordinance process) is now the final reviewing authority for any proposed change in rates. Approval of the scope of proposed improvement projects is also now limited to City Council, as SB 234 exempts MUB from having to obtain a PSC Certificate of Convenience and Necessity.

MUB submitted its Long Term Control Plan (LTCP) to West Virginia Department of Environmental Protection (DEP) in December 2011. An update to the LTCP was submitted in December 2014. This document provided information on how MUB will minimize and better manage its Combined Sewer Overflows (CSO's). It provided guidance for Wastewater Treatment Plant (WWTP) upgrades and collection/transmission system improvements to meet the regulatory requirements of the DEP and EPA. The document also provided guidance for capital project budgeting of the sewer system for the next twenty (20) years.

The 2014 LTCP predicted approximately $70 million of sewer system improvements to be constructed as Group 1 of the plan to be completed by 2020. The LTCP includes other groups/phases over the next 15-20 years, subject to future prevailing conditions, including regulatory requirements, affordability, and available funding. We continue to await approval of the LTCP by DEP; and are currently engaged in an exchange of comments with DEP toward that goal.

In order to stay on schedule for the earliest possible construction, we began detailed design engineering for Phase 1 of the proposed LTCP projects in mid calendar year 2014. Bids were received in September 2016, and the cost of the Phase 1 projects is now $103 million, reflecting an increase in project scope to provide other necessary updates to the Wastewater Treatment Plant (WWTP) and the sanitary sewer system. The increased sewer rates that were implemented in July 2016 will fund the debt service for this work. Bonds will be issued in November 2016, with construction beginning one month later.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

Bids for the proposed water system improvements, to be funded by the July 2016 water rate increase, will be received in mid-November 2016. That project is estimated to cost $40 million. Bonds are scheduled to be issued in January 2017, with construction beginning one month later.

In addition to the above, MUB continues to focus on ongoing renewal and/or replacement of aging, or otherwise inadequate facilities. In the water system, priority is given to lines that have been identified through a problematic leak history, or by having required excessive maintenance due to the age of the pipe. In our sanitary and storm sewer systems, priority is given to lines that have been identified through a problematic history of backups or other similar flow related failures, or by having required excessive maintenance due to the age of the pipe. Our annual budget for capital improvements are centered on these replacement projects, as particular portions of the piping networks are recognized to have reached the end of their useful lives.

MUB continues to see increasing costs for operation and maintenance of the water, wastewater and stormwater systems. This results from increasing efforts to improve system operations through maintenance activities such as hydrant flushing, mainline cleaning, tank painting, etc.

Operating costs in water operations will remain elevated compared to historic levels. Even though MUB was physically unaffected by the January 2014 Freedom Industries chemical leak in Charleston WV, new higher standards for source water protection resulting from subsequent legislation have added significantly to this cost category.

MUB will continue to be guided by existing and future regulatory mandates that define increasingly stringent quality standards for its water, wastewater and stormwater operations.

CONTACTING MUB'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of MUB's finances and to demonstrate MUB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Morgantown Utility Board, Controller's Office, 278 Greenbag Road, Morgantown, West Virginia.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 716,066	$ 1,400,820
Accounts Receivable Net	1,689,166	1,581,769
Other Accounts Receivable	704,896	415,539
Interest and Dividend Receivable	20,109	27,298
Materials at Average Cost	1,455,256	1,199,423
Deposits and Prepayments	758,929	806,695
Accrued Utility Revenue	1,158,505	1,194,724
Total Current Assets	6,502,927	6,626,268
Capital Assets:		
Construction Work In Progress	14,462,057	9,742,556
Land	1,658,519	1,658,519
Intangible Plant	376,834	376,834
Buildings & Structures	27,506,097	27,448,809
Water Transmission & Distribution System	72,348,328	68,759,168
Sewer & Storm Collection System	116,821,495	115,701,801
Treatment Plant Equipment	73,343,819	73,189,576
Office Furniture & Equipment and Computer System	4,882,479	4,704,019
Vehicles & Heavy Duty Equipment	8,375,264	7,940,792
Total Capital Assets	319,774,892	309,522,074
Less: Accumulated Depreciation	(114,857,706)	(106,619,820)
Total Net Capital Assets	204,917,186	202,902,254
Restricted Assets:		
Sinking Fund Investments	3,556,196	3,595,055
Bond Construction Accounts	5,515	1,891,156
Total Restricted Assets	3,561,711	5,486,211
Noncurrent Assets:		
Investments	5,419,547	7,352,923
Deferred Financing Costs	530,572	552,004
Total Noncurrent Assets	5,950,119	7,904,927
TOTAL ASSETS	220,931,943	222,919,660
Deferred Outflows of Resources:		
Difference Between Expected and Actual Experience	175,209	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,205,761	555,799
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 223,312,913**	**$ 223,475,459**

(Continued)

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

(Continued)

	2016	2015
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$ 1,951,013	$ 1,115,578
Accrued Payroll	774,954	645,965
Billing Services Payable	278,016	285,370
Current Portion of Long-Term Debt	3,804,835	3,946,333
Unearned Revenue	868	843
Other Accrued Liabilities	114,423	171,936
Total Current Liabilities	6,924,109	6,166,025
Noncurrent Liabilities:		
Liabilities from Restricted Assets:		
Customer deposits	641,738	657,026
Accrued Administrative Costs on Bonds	8,704	8,608
Accrued Interest on Bonds	280,152	289,792
Interest on Customer Deposits	6,110	6,118
Total Liabilities from Restricted Assets	936,704	961,544
Advances on Construction	11,973,715	12,037,911
Long-term Bonds and Notes Payable	88,506,948	91,679,977
Net Pension Liability	7,479,371	5,235,305
Total Noncurrent Liabilities	108,896,738	109,914,737
TOTAL LIABILITIES	115,820,847	116,080,762
Deferred Inflows of Resources:		
Differences Between Expected and Actual Experience	410,521	491,307
Net Position:		
Net Investment in Capital Assets	112,610,918	109,167,100
Restricted Net Position	3,556,196	3,595,055
Unrestricted Net Position (Deficit)	(9,085,569)	(5,858,765)
Total Net Postion	107,081,545	106,903,390
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 223,312,913**	**$ 223,475,459**

The notes to the financial statements are an integral part of this statement.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Water Sales Revenue	$ 10,255,155	$ 10,416,169
Sewerage Service Revenue	10,784,194	10,578,866
Stormwater Service Revenue	1,896,211	1,847,052
Billing Services Revenue	100,470	112,486
Forfeited Discounts	269,696	284,061
Rents from Water Property	22,284	22,888
Service Connection fees - Water	20,345	19,975
Other Operating Revenues	32,968	30,855
Total Operating Revenues	23,381,323	23,312,352
WATER OPERATING EXPENSES:		
Source of Supply	128,667	40,713
Pumping	367,986	303,494
Water Treatment	4,951,040	4,862,668
Transmission and Distribution	3,465,328	2,878,617
Customer Accounts	310,733	286,376
Administrative and General	2,788,811	2,404,360
Total Water Operating Expenses	12,012,565	10,776,228
SEWER OPERATING EXPENSES:		
Collecting	3,136,154	2,836,179
Pumping	1,160,933	1,063,668
Treatment and Disposal	2,563,410	2,629,337
Billing and Collecting	377,047	351,268
Administrative and General	3,426,112	3,132,415
Total Sewer Operating Expenses	10,663,656	10,012,867
STORMWATER UTILITY OPERATING EXPENSES:		
Collecting	1,019,819	919,798
Billing and Collecting	91,620	81,894
Administrative and General	427,820	376,605
Total Stormwater Operating Expenses	1,539,259	1,378,297
Total Operating Expenses	24,215,480	22,167,392
Operating Income/(Loss)	(834,157)	1,144,960
NONOPERATING REVENUES (EXPENSES)		
Investment Income	155,149	190,466
Interest on Financing	(3,126,748)	(3,194,711)
Other	846,489	(318,569)
Total Non-Operating Revenues(Expenses)	(2,125,110)	(3,322,814)
Net Income/(Loss) Before Contributed Capital	(2,959,267)	(2,177,854)
Contributed Capital	3,137,422	9,444,573
Change in Net Position	178,155	7,266,719
Total Net Position-Beginning	106,903,390	99,636,671
Total Net Position-Ending	$ 107,081,545	$ 106,903,390

The notes to the financial statements are an integral part of this statement.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities:		
Cash Received from Sales and Tap Fees	$ 22,595,370	$ 22,640,170
Cash Received from Rental Fees	22,284	22,888
Cash Received from Reimbursement and Miscellaneous Income	403,159	379,094
Cash Payments to Suppliers for Goods and Services	(9,023,351)	(8,389,546)
Cash Payments to Employees for Services	(4,767,901)	(4,409,056)
Net Cash Provided by (Used by) Operations	9,229,561	10,243,550
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(7,401,774)	(16,560,303)
Proceeds from New Issuance	636,800	8,549,556
Principal Paid on Long-Term Debt	(3,951,326)	(4,022,314)
Interest Paid	(3,136,388)	(3,207,761)
(Increase) Decrease in Sinking Fund	38,859	(387,659)
(Increase) Decrease in Bond Construction Account	1,885,641	(348,287)
Advances on Construction	(64,196)	2,099,497
(Increase) Decrease in Deferred Financing Net of Amortization	21,432	1,577,162
(Increase) Decrease in Accrued Administrative Cost on Bonds	96	1,799
Customer Deposits Including Interest	(15,296)	(12,151)
Other Nonoperating Income	846,489	(318,569)
Change in Other Assets Net	-	18,012
Net Cash Provided by (Used by) Capital and Related Financing Activities	(11,139,663)	(12,611,018)
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	1,846,490	2,036,870
Purchase of Investments	(783,481)	(481,343)
Interest Received	162,339	194,757
Net Cash Provided by (Used by) Investing Activities	1,225,348	1,750,284
Net Increase/(Decrease) in Cash and Cash Equivalents	(684,754)	(617,184)
Cash and Cash Equivalents - July 1	1,400,820	2,018,004
Cash and Cash Equivalents - June 30	**$ 716,066**	**$ 1,400,820**
Cash Flows from Operating Activities:		
Operating Income/(Loss)	$ (834,157)	$ 1,144,960
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	8,738,101	9,320,409
(Increase) Decrease in Accounts Receivable	(396,754)	(140,386)
(Increase) Decrease in Materials	(255,833)	(13,378)
(Increase) Decrease in Deposits and Prepayments	704,296	(59,571)
(Increase) Decrease in Accrued Utility Revenue	36,218	(81,506)
(Increase) Decrease in Deferred Outflows	(1,825,171)	(555,799)
Increase (Decrease) in Accounts Payable	835,434	286,935
Increase (Decrease) in Accrued Payroll	128,989	84,838
Increase (Decrease) in Billing Services Payable	(7,354)	2,022
Increase (Decrease) in Deferred Revenue	25	(48,308)
Increase (Decrease) in Other Current Accrued Liabilities	(57,513)	(20,829)
Increase (Decrease) in Deferred Inflows	(80,786)	491,307
Increase (Decrease) in Pension Liability	2,244,066	(167,144)
Total Adjustments	10,063,718	9,098,590
Net Cash Provided by (Used by) Operating Activities	**$ 9,229,561**	**$ 10,243,550**

The notes to the financial statements are an integral part of this statement.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity – The Morgantown Utility Board (the Board) is a Class A Water, Sewer and Storm-water Utility as defined by the West Virginia Public Service Commission. The Board manages and operates the City of Morgantown, West Virginia, water, sewer and storm-water utilities as enterprise funds under an ordinance dated September 1, 1987. These utilities serve the City and other surrounding areas and the Board also provides billing and collecting services for other adjacent utilities. It also provides jobbing and contracting services for plant repairs to these adjoining utilities.

The Board complies with *Governmental Accounting Standards Board Statement No. 14*, "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." These statements establish standards for defining and reporting on the financial reporting entity. They define 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 these criteria, the Board is a component unit of the City of Morgantown therefore these financial statements will be included in the City's financial statements as a component unit.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Basis of Presentation – Accounts of the Board are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type 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.

The accompanying financial statements are presented on a combined basis because the water, sewer and storm-water utilities are under the control of the Board.

Basis of Accounting and Measurement Focus – These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. 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 assets (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 assets.

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.

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 Water, Sewer and Waste-Water funds are charges for water and sewer service.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (continued)

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use unrestricted resources first, and then restricted resources as they are needed.

Cash and Cash Equivalents – The Board, for the purposes of the Statement of Cash Flows, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund type are pooled by the Board.

Certain funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Investments – The Board is allowed to invest excess funds in the following securities as governed by the West Virginia Code.

1. Any direct obligation of, or obligation guaranteed as to payment of both principal and interest by, the United States of America;
2. Any evidence of indebtedness issued by any United States government agency guaranteed as to payment of both principal and interest, directly or indirectly, by the United States of America;
3. Any evidence of indebtedness issued by the Federal National Mortgage Association to the extent such indebtedness is guaranteed by the Government National Mortgage Association;
4. Any evidence of indebtedness that is secured by first lien deed of trust or mortgage upon real property situate within West Virginia, if payment is substantially insured or guaranteed by the United States of America;
5. Direct and general obligations of the state of West Virginia;
6. Any undivided interest in a trust, the corpus of which is restricted to mortgages on real property and, unless all of the property is within West Virginia and insured, the trust is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
7. Any bond, note debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided that the security is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: however, if any commercial paper or any security will mature within one year from the date of issuance, it must be rated in one of the two highest rating grades by a nationally known agency;
8. Negotiable certificates of deposits issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
9. Interest earning deposits including certificates of deposit, with any designated West Virginia depository, which deposits are fully secured by a collaterally secured bond, and;
10. Mutual funds registered with the Securities and Exchange Commission which have assets in excess of three hundred million dollars.

Investments are reported at fair value. The net increase in the cost-basis of investments consists of the realized gains and losses and the unrealized increase or decrease in the cost-basis of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the cost-basis of investments reported in the prior year(s) and the current year.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium. Dividend income is recognized on the paying company's announced ex-dividend date.

Accounts Receivable – Accounts receivable are shown at their net realizable value. The balance is presented net of an allowance for doubtful accounts. The provision for losses on trade accounts receivable is charged to operations in an amount sufficient to maintain the allowance for losses at a level considered adequate to cover estimated credit losses. The Board's charge-off policy is based on an account-by-account review. The Board did a full review of trade accounts receivables and set a monthly allowance for bad debt charges. Generally, accounts are considered delinquent when they are 30 days contractually past due.

Supplies Inventory – The supplies inventory is valued on average cost basis.

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the period in which services are consumed.

Capital Assets – The Board depreciates all long-term assets on a straight-line basis. The Board takes half a year's allowance in the year the asset is placed in service and a full year's allowance in the subsequent years with half a year's allowance in the final year of depreciation. At the time of retirement of depreciable utility plant in service, the amount is charged with the book cost of the property retired and cost of removal, and is credited with any amounts recovered. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life in Years
Buildings and Structures	30
Water Transmission and Distribution Lines	50-100
Sewer and Storm Drain Collection System	50
Treatment Plants Equipment	10-30
Office Furniture and Computers	5-10
Vehicles and Heavy Duty Equipment	8-10

Compensated Absences – The Board provides compensated absences for its employees in the form of vacation and sick leave. Vacation leave does not carry over from calendar year to calendar year.

Contributions in Aid of Construction – All period contributions were from transfers from advances for construction, deposits for construction other than extensions, and grant monies from non-federal sources.

Equity Classification – Equity is classified as net position and displayed in three components:

1. Net Investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement or those assets.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

2. Restricted net position - consists of the net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investments in capital assets".

Restricted Assets – Restricted assets should be reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restricted assets represent certain resources segregated from other resources of the Board to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the Board or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purpose. The Board's restricted assets consist of bond sinking fund and the bond construction accounts.

Use of Estimates – In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budget and Budgetary Accounting – The Board is not required by law to prepare an annual budget. As such, none is presented in these financial statements.

Changes in Accounting Principles – The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

The Board also adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Board's Employees' Retirement and Benefit Fund and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Employees' Retirement and Benefit Fund. 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.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the Board's cash deposits was $716,066 at June 30, 2016. The bank balance at June 30, 2016 was $1,192,415 which was fully covered by Federal Deposit Insurance Coverage or collateralized with securities held by the pledging institution's trust department.

Total cash and investments at June 30, 2016 consisted of the following:

	Cost	Fair Value
Cash Deposits		
Demand Deposits	$ 716,066	$ 716,066
Cash and Investments with Fiscal Agents		
Cash	1,054,552	1,054,552
Investment Agreements		
Fixed Income	3,032,423	3,035,211
Equities	1,091,218	1,329,852
Cash - Restricted	3,561,643	3,561,643
Total Cash and Investments	$ 9,455,902	$ 9,697,324

Note that the Board held $1,610 in petty cash at June 30, 2016.

Interest Rate Risk - The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits of maturities on individual investments.

Credit Risk - The Board has a deposit policy for custodial credit risk beyond the requirements of the State Statue. West Virginia law requires that deposits be insured or be protected by eligible securities pledged to and deposited either with the Board or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Quality Rating	Fair Value	Percent
AA+	$ 1,226,293	40.4%
AA	108,156	3.6%
AA-	217,415	7.1%
A+	163,374	5.4%
A	309,608	10.2%
Not Rated	1,010,365	33.3%
Total	$ 3,035,211	100.0%

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk - The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits on the amount that may be invest in any one financial institution.

Fair Value Measurements

The fair value hierarchy defines three levels of input, as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining the fair value, the Board utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets and liabilities are carried at fair value at June 30, 2016, and are classified as Level 1, Level 2 and Level 3 as follows:

Assets Carried at Fair Market Value:	Level 1	Level 2	Level 3
Fixed Income	$3,035,211	$-	$-
Equities	1,329,852	-	-
Total	$4,365,063	$-	$-

NOTE 3 LEASING ARRANGEMENTS

The Board leases certain real estate in Morgantown to a limestone company. This operating lease specifies that the Board will receive $0.16 per ton up to 125,000 tons and $0.10 per ton thereafter, with an annual minimum rental of $5,000. The lease is for a 20 year period, and requires the lessee to maintain adequate insurance for the leased property. Revenues reported from this lease were $8,713 and $9,954 in 2016 and 2015, respectively.

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MORGANTOWN UTILITY BOARD
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NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows.

	Beginning Balance	Additions	Retirements & Transfers to Utility Plant	Ending Balance
CWIP	$ 9,742,556	$ 10,836,690	$ (6,117,189)	$ 14,462,057
Land	1,658,519	-	-	1,658,519
Intangible Plant	376,834	-	-	376,834
Buildings & Structures	27,448,809	68,625	(11,337)	27,506,097
Water Transmmission & Distribution System	68,759,168	3,625,051	(35,891)	72,348,328
Sewer & Storm Collection System	115,701,801	1,148,896	(29,202)	116,821,495
Treatment Plant Equipment	73,189,576	189,304	(35,062)	73,343,819
Office Furniture & Equipment and Computer System	4,704,019	207,580	(29,120)	4,882,479
Vehicles & Heavy Duty Equipment	7,940,792	434,471	-	8,375,264
Total Capital Assets	309,522,074	16,510,617	(6,257,801)	319,774,892
Less: Accumulated Depreciation	(106,619,820)	(8,692,352)	454,466	(114,857,706)
Total Net Capital Assets	$ 202,902,254	$ 7,818,265	$ (5,803,335)	$ 204,917,186
Depreciation Expense Charged to Operations		$ 8,692,352		

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MORGANTOWN UTILITY BOARD
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NOTE 4 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements & Transfers to Utility Plant	Ending Balance
Capital Assets:				
CWIP	$ 9,111,984	$ 9,293,122	$ (8,662,550)	$ 9,742,556
Land	1,451,541	206,978	-	1,658,519
Intangible Plant	376,834	-	-	376,834
Buildings & Structures	26,943,342	524,167	(18,700)	27,448,809
Water Transmmission & Distribution System	66,106,002	2,732,553	(79,387)	68,759,168
Sewer & Storm Collection System	93,294,642	22,449,292	(42,133)	115,701,801
Treatment Plant Equipment	72,843,607	377,322	(31,354)	73,189,576
Office Furniture & Equipment and Computer System	4,572,799	156,607	(25,387)	4,704,019
Vehicles & Heavy Duty Equipment	7,618,861	344,280	(22,350)	7,940,792
Total Capital Assets	282,319,612	36,084,321	(8,881,861)	309,522,074
Less: Accumulated Depreciation	(94,694,888)	(12,204,435)	279,503	(106,619,820)
Total Net Capital Assets	$ 187,624,724	$ 23,879,886	$ (8,602,358)	$ 202,902,254
Depreciation Expense Charged to Operations		$ 8,398,878		

MORGANTOWN UTILITY BOARD
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NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN

Plan Description – The Board contributes to the City of Morgantown, WV (the "City") Employee's Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

Funding Policy – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2016 and 2015 rates were 13.95% and 15.54% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2016, 2015 and 2014 were $1,022,554, $1,077,497, and $882,191.

Deferred Compensation Plan – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee's salary or $18,000, for 2016, plus $6,000 catch-up for employees over fifty years of age. The Board provides no match for participant's contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Governing authority:	City Council Ordinance
Eligibility to participate:	All Board full-time permanent employees, except those covered by other plans

Determination of contribution requirements: Actuarially determined

Employer:	Contribute annually an amount sufficient to meet the normal cost of the fund and amortize the actuarial deficit over a period of 21 years.
Plan member:	6.00% of covered payroll
Period required to vest:	The latter of the date the participant attains age 60 and 10 years of service credit, or attains age 55 and age plus years of service credit total 85.
Post-retirement benefit:	Annual Cost of Living adjustment is the lesser of 3% or the annual consumer price index multiplied by 50%; provided that the municipality's contribution for the year is less than 6.0% of the participating payroll.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

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NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

At fiscal year-end, the 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, 2016 using the actuarial assumptions and methods described in the appropriate section of this note. The Board's proportion of the net pension liability was based on a calculation of Board employer contributions to total employer contributions to the Plan in fiscal year 2016. At June 30, 2016, the government's reported the following proportions:

	Pension Plan
Amount for proportionate share of net pension liability	$ 7,479,371
Percentage for proportionate share of net pension liability	58.57%

For the year ended June 30, 2016, the Board recognized the following pension expense:

	Pension Plan
Pension Expense	$ 1,248,715

The Board 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
Differences between expected and actual experience	$ 175,209	$ 410,521
Net difference between projected and actual earnings on pension plan investments	2,205,761	-
Totals	$ 2,380,970	$ 410,521

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	$ 526,234
2018	526,234
2019	526,234
2020	384,279
2021	(14,158)
Thereafter	21,626
Total	$ 1,970,449

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NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement. Actuarially determined contribution rates are calculated as of July 1, which is 24 months prior to the end of the fiscal year in which contributions will be made.

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed market
Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.0% per year
Investment Rate of Return	7.0% per year, net of expenses, compounded annually
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of Service Credit.
Mortality	Pre-retirement mortality is assumed to follow 85% of the 1994 Group Annuity Mortality Table for Males and Females. Post-retirement is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females. Post-disablement mortality is assumed to follow the 1994 Group Annuity Mortality Table for Males and Females set forward 4 years.

Information regarding plan investments can be found in a separately issued financial report available at the City of Morgantown's website at www.morgantownwv.gov.

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using the Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

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NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of net pension liability	$ 11,849,375	$ 7,479,371	$ 4,078,149

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the City of Morgantown's website at www.morgantownwv.gov.

NOTE 6 LONG-TERM DEBT

Following is a description of the long-term liabilities of the Board.

1995 Bonds Payable
The Board issued $1,601,477 in a combined water and sewer revenue bond on April 22, 1995. This bond matures quarterly starting March 1, 1996, until December 1, 2015. This bond bears an interest rate of 2% and a 1% administration fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. This bond matured December 1, 2015.

2000A Bonds Payable
The Board issued $7,842,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on March 1, 2026. The bonds bear no interest and were issued to the West Virginia Division of Environmental Protection. The bonds carry a 0.5% administrative fee per annum and are payable quarterly. Annualized payments of $323,384 are required.

2000B Bonds Payable
The Board issued $2,488,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on December 31, 2039. The bonds bear no interest and were issued to the West Virginia Infrastructure and Jobs Development Council. Annualized payments of $65,476 are required.

2001A Bonds Payable
The Board issued $3,812,470 in a combined waterworks and sewerage system revenue bonds on February 8, 2001, for the acquisition and construction of extensions, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds bear interest at a rate of 3% per annum and will be paid quarterly on March 1, June 1, September 1, and December 1 of each year. The bonds were issued to the West Virginia Development Authority and mature December 1, 2015. This bond matured December 1, 2015.

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NOTE 6 LONG-TERM DEBT (Continued)

2006A Bonds Payable
The Board issued bonds of $6,410,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2006, for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined waterworks and sewerage system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of $424,240 are required.

2007 Bonds Payable
The Board issued bonds of $8,500,000 in a combined utility system revenue bonds on June 30, 2007, for the acquisition and construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear interest rates of 3% with a 20 year term paid quarterly on March 1, June 1, September 1, and December 1. Annualized payments of $579,232 are required.

2010A Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010A (Direct Payment Build America Bonds), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount of $37,950,000. The bonds are 30 year and bear an annual interest rate of 5% - 6.375%. Interest is paid semi-annually on June 1 and December 1 and principal payments annually beginning December 1, 2019. Annualized payments of $2,280,000 are required.

2010C Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010C (West Virginia SRF Program) for the acquisition and construction of the extension, additions, betterments and improvements of the sewerage portion of the existing public combined utility system in the original aggregate principal amount of $15,380,277. The bonds bear a 2% interest rate and a 1% administrative fee paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $1,017,898 are required.

2010D Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010D (West Virginia DWTRF Program), for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system in the original aggregate principal amount $9,317,286. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $566,381 are required.

2010E Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010E (West Virginia DWTRF Program/ARRA) for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system, in the original aggregate principal amount of $100,000. The bonds bear a 2% interest rate paid quarterly on March 1, June 1, September 1 and December 1. Annualized payments of $6,079 are required.

2010F Bonds Payable
The Board issued on January 28, 2010 combined utility system revenue bonds, series 2010F (Bank Qualified) in the original aggregate principal amount of $7,250,000, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined utility system. The bonds bear interest rates of 1.5% to 3.2% with a 5.932 year term. Interest is paid semi-annually on June 1 and December 1 and principal payments annually on December 1. Annualized payments of $1,155,252 are required.

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NOTE 6 LONG-TERM DEBT (Continued)

2012A Bonds Payable
The Board issued on August 24, 2012 $570,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds bear an interest rate of .5% and a .5% administrative fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2014 until March 1, 2044. Annualized payments of $21,945 plus annual payments of $2,047 until a reserve requirement of $20,472 is met.

2012C Bonds Payable
The Board issued on September 28, 2012 $2,325,000 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 2.25% - 4.25%. Interest is payable semi-annually on April 1 and October 1 beginning April 2013 and principal is paid annually on October 1 until October 2032. Annual payments of $163,920 are required.

2013A Bonds Payable
The Board issued on August 22, 2013 $4,605,260 combined utility system revenue bonds for the assumption and replacement of the Canyon Public Service District Series 2008A bonds. The bonds bear an interest rate of 0%. Principal is paid quarterly until June 2048.

2014B Bonds Payable
The Board issued on July 23, 2014 $505,421 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 3.16%. Principal and interest is paid monthly.

2015A Bonds Payable
The Board issued on March 31, 2015 $137,568 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991A bonds. The bonds bear an interest rate of 7.75%. Principal and interest is paid annually until October 2031.

2015B Bonds Payable
The Board issued on March 31, 2015 $4,586 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 1991B bonds. The bonds bear an interest rate of 0%. Principal is paid annually until October 2031.

2015C Bonds Payable
The Board issued on March 31, 2015 $8,111,813 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2003A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until September 2043.

2015D Bonds Payable
The Board issued on March 31, 2015 $1,688,394 original principal combined utility system revenue bonds for the assumption and replacement of the Scotts Run Public Service District Series 2009A bonds. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until December 2049.

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NOTE 6 LONG-TERM DEBT (Continued)

2015E Bonds Payable
The Board issued on June 11, 2015 $662,300 combined utility system revenue bonds for construction of the extension, additions, betterments and improvements of the storm water portion of the existing public combined utility system. The bonds bear an interest rate of 0% and .5% administrative fee. Principal and administrative fee is paid quarterly until June 2055.

Long-term debt bond activity for the year ended June 30, 2016 was as follows:

	Beginning	Payments	Proceeds	Ending	Current Portion
Morgantown 1995	48,313	(48,313)	-	-	-
Morgantown 2000 A	3,476,332	(323,380)	-	3,152,952	323,384
Morgantown 2000 B	1,604,074	(65,476)	-	1,538,598	65,476
Morgantown 2001 A	167,811	(167,811)	-	-	-
Morgantown 2006 A	4,450,906	(302,907)	-	4,147,999	309,012
Morgantown 2007 A	6,478,097	(408,527)	-	6,069,570	416,759
Morgantown 2010 A	37,950,000	-	-	37,950,000	-
Morgantown 2010 C	13,611,280	(667,696)	-	12,943,584	681,151
Morgantown 2010 D	8,245,666	(404,489)	-	7,841,177	412,639
Morgantown 2010 E	88,498	(4,341)	-	84,157	4,429
Morgantown 2010 F	4,280,000	(1,030,000)	-	3,250,000	1,050,000
Morgantown 2012A	547,915	(17,765)	-	530,150	17,855
Morgantown 2012C	2,145,000	(95,000)	-	2,050,000	95,000
Morgantown 2013A	4,342,100	(131,580)	-	4,210,520	131,580
Morgantown 2014B	490,456	(18,922)	-	471,534	19,529
Morgantown 2015A	104,584	(3,170)	-	101,414	3,415
Morgantown 2015B	1,999	(118)	-	1,881	118
Morgantown 2015C	6,030,471	(213,468)	-	5,817,003	213,468
Morgantown 2015D	1,522,854	(44,144)	-	1,478,710	44,144
Morgantown 2015E	25,500	(4,219)	636,800	658,081	16,876
Total	$ 95,611,856	$ (3,951,326)	$ 636,800	$ 92,297,330	$ 3,804,835

Changes in other long-term obligations during the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	$ 5,235,305	$ 2,244,066	$ -	$ 7,479,371	$ -
Note Payable	14,447	-	-	14,447	
Total	$ 5,249,752	$ 2,244,066	$ -	$ 7,493,818	$ -

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NOTE 7 LONG-TERM DEBT (Continued

Maturities of the Board's debt principal for the years subsequent to June 30, 2016 are as follows:

	2000A Issue Principal	2000B Issue Principal	2006A Issue Principal	2007 Issue Principal	2010A Issue Principal	2010C Issue Principal	2010D Issue Principal	2010E Issue Principal	2010F Issue Principal
2017	$ 323,384	$ 65,476	$ 309,012	$ 416,759	$ -	$ 681,151	$ 412,639	$ 4,429	$ 1,050,000
2018	323,384	65,474	315,238	425,157	-	694,877	420,954	4,518	1,085,000
2019	323,384	65,474	321,590	433,724	-	708,879	429,436	4,609	1,115,000
2020	323,384	65,472	328,070	442,463	1,150,000	723,162	438,089	4,702	-
2021	323,384	65,472	334,681	451,379	1,190,000	737,735	446,918	4,796	-
2022-2026	1,536,032	327,360	1,777,326	2,397,051	6,570,000	3,917,744	2,373,356	25,473	-
2027-2031	-	327,360	762,082	1,503,037	7,830,000	4,328,698	2,622,307	28,144	-
2032-2036	-	327,360	-	-	9,530,000	1,151,338	697,478	7,486	-
2037-2041	-	229,150	-	-	11,680,000	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
Total	$ 3,152,952	$ 1,538,598	$ 4,147,999	$ 6,069,570	$ 37,950,000	$ 12,943,584	$ 7,841,177	$ 84,157	$ 3,250,000

	2012A Issue Principal	2012C Issue Principal	2013 Issue Principal	2014 Issue Principal	2015A Issue Principal	2015B Issue Principal	2015C Issue Principal	2015D Issue Principal	2015E Issue Principal
2017	$ 17,855	$ 95,000	$ 131,580	$ 19,529	$ 3,415	$ 117	$ 213,468	$ 44,144	$ 16,876
2018	17,945	95,000	131,580	20,155	3,680	117	213,468	44,144	16,876
2019	18,034	100,000	131,580	20,802	3,965	117	213,468	44,144	16,876
2020	18,125	100,000	131,580	21,468	4,273	117	213,468	44,144	16,876
2021	18,215	105,000	131,580	22,157	4,604	117	213,468	44,144	16,876
2022-2026	92,457	575,000	657,900	121,906	28,956	588	1,067,340	220,700	84,380
2027-2031	94,794	675,000	657,900	142,743	42,057	590	1,067,340	220,700	84,380
2032-2036	97,192	305,000	657,900	102,774	10,464	118	1,067,340	220,700	84,372
2037-2041	99,653	-	657,900	-	-	-	1,067,340	220,700	84,360
2042-2046	55,880	-	657,888	-	-	-	480,303	220,700	84,360
2047-2051	-	-	263,132	-	-	-	-	154,490	84,360
2051-2055	-	-	-	-	-	-	-	-	67,489
Total	$ 530,150	$ 2,050,000	$ 4,210,520	$ 471,534	$ 101,414	$ 1,881	$ 5,817,003	$ 1,478,710	$ 658,081

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NOTE 7 LONG-TERM DEBT (Continued)

Estimated annual interest is as follows:

	2006A Issue Interest	2007 Issue Interest	2010A(Gross) * Issue Interest	2010C Issue Interest	2010D Issue Interest	2010E Issue Interest
2017	$ 80,652	$ 118,279	$ 2,278,885	$ 253,784	$ 153,742	$ 1,650
2018	74,425	109,881	2,278,885	240,059	145,427	1,561
2019	68,073	101,314	2,278,885	226,057	136,944	1,470
2020	61,593	92,574	2,250,135	211,772	128,291	1,377
2021	54,982	83,658	2,191,635	197,200	119,463	1,282
2022-2026	170,992	278,136	9,985,398	756,933	458,546	4,921
2027-2031	17,246	47,955	7,987,331	345,979	209,563	2,249
2032-2036	-	-	5,290,153	17,328	10,497	113
2037-2041	-	-	1,922,063	-	-	-
2042-2046	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-
Total	$ 527,963	$ 831,797	$ 36,463,370	$ 2,249,112	$ 1,362,473	$ 14,623

* Interest shown gross rather than net of the interest credit since future credit rate is questionable.

	2010F Issue Interest	2012A Issue Interest	2012C Issue Interest	2014 Issue Interest	2015A Issue Interest
2017	$ 85,065	$ 2,617	$ 67,063	$ 14,619	$ 7,860
2018	52,498	2,528	65,163	13,994	7,595
2019	17,840	2,438	62,963	13,347	7,310
2020	-	2,348	60,463	12,680	7,002
2021	-	2,257	57,638	11,992	6,671
2022-2026	-	9,906	236,769	48,835	27,418
2027-2031	-	7,567	129,213	27,999	14,318
2032-2036	-	5,169	12,300	5,362	811
2037-2041	-	2,710	-	-	-
2042-2046	-	421	-	-	-
2047-2051	-	-	-	-	-
Total	$ 155,403	$ 37,961	$ 691,572	$ 148,828	$ 78,985

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2016 and 2015

NOTE 8 RISK MANAGEMENT

The 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 Board purchases insurance through a private carrier for all risks of loss including property insurance, pollution insurance, and bonding.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Board is a guaranteed cost participant in the West Virginia Worker's Compensation Program.

NOTE 9 CONTINGENCIES / PENDING LITIGATION

The Board is a party to various legal proceedings. The Board's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Board's financial position.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2016

Employees' Retirement and Benefit Fund of the City of Morgantown
Last 10 Fiscal Years*

	2016	2015	2014
Board's proportion of the net pension liability (asset) (percentage)	58.57%	57.33%	57.33%
Board's proportionate share of the net pension liability (asset)	$ 7,479,371	$ 5,235,305	$ 5,402,449
Board's covered-employee payroll	$ 7,330,133	$ 6,935,715	$ 6,623,068
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	102.04%	75.48%	81.57%
Plan fiduciary net position as a percentage of the total pension liability	78.62%	83.91%	82.97%

Information prior to fiscal year 2014 is not available.

*Will be built prospectively.

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2016

Employees' Retirement and Benefit Fund of the City of Morgantown
Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 970,688	$ 1,060,981	$ 1,186,366	$ 1,053,537	$ 711,381	$ 707,649	$ 585,332	$ 542,420	$ 469,944	$ 394,597
Actual contribution	(1,022,554)	(1,077,497)	(882,191)	(756,125)	(717,285)	(646,270)	(478,911)	(475,353)	(522,183)	(439,266)
Contribution deficit (surplus)	$ (51,866)	$ (16,516)	$ 304,175	$ 297,412	$ (5,904)	$ 61,379	$ 106,421	$ 67,067	$ (52,239)	$ (44,669)
Board's covered-employee payroll	$ 7,330,133	$ 6,935,715	$ 6,623,068	$ 6,403,272	$ 6,078,627	$ 6,246,232	$ 5,778,093	$ 5,861,334	$ 6,071,770	$ 5,682,716
Actual contribution as a percentage of covered-employee payroll	13.95%	15.54%	13.32%	11.81%	11.80%	10.35%	8.29%	8.11%	8.60%	7.73%



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Marietta, OH 45750
740.373.0056

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Vienna, WV 26105
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St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

October 31, 2016

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

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 business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report dated October 31, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

...*"bringing more to the table"*
Tax ~ Accounting ~ Audit ~ Review ~ Compilation ~ Agreed Upon Procedure ~ Consultation ~ Bookkeeping ~ Payroll
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 •

SUPPLEMENTARY FINANCIAL INFORMATION

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Sale of Water		
Metered Sales	$ 9,946,606	$ 10,123,169
Private Fire Protection	308,549	293,000
Total Sales of Water	10,255,155	10,416,169
Other Operating Revenues		
Forfeited Discounts and Penalties	122,297	133,153
Miscellaneous Service Revenues	25,226	15,428
Rents from Water Property	22,284	22,888
Billings Services Revenue	100,470	112,486
Service Connection Fees	20,345	19,975
Total Other Operating Revenues	290,622	303,930
Total Operating Revenues	10,545,777	10,720,099
Source of Supply Expenses		
Operation		
Watershed Protection	97,335	25,386
Maintenance		
Collecting	31,332	15,326
Total Source of Supply Expenses	128,667	40,712
Pumping Expenses		
Operation		
Supervision and Engineering	40,348	38,489
Power and Pumping	269,605	206,727
Labor and Expense	16,994	28,764
Total Operation	326,947	273,980
Maintenance		
Pumping Equipment	41,039	29,514
Total Maintenance	41,039	29,514
Total Pumping Expenses	367,986	303,494
Water Treatment Expenses		
Operation		
Supervision and Engineering	41,105	40,734
Chemicals	342,287	366,672
Labor and Expense	1,142,357	1,006,259
Depreciation	3,029,021	3,020,273
Total Operation	4,554,770	4,433,938
Maintenance		
Supervision and Engineering	55,211	56,397
Structures and Improvements	150,913	205,598
Water Treatment Equipment	190,146	166,735
Total Maintenance	396,270	428,730
Total Water Treatment Expenses	4,951,040	4,862,668
Transmission and Distribution Expenses		
Operation		
Supervision and Engineering	161,428	164,692
Storage Facilities Expense	506,248	49,733
Transmission and Distribution	38,845	51,503
Meter Expense	79,099	81,036
Customer Installation Expense	14,313	14,991
Mapping and Records Expense	74,962	67,237
Shop Expense	252,528	226,682
Rents	35	35
Depreciation	1,396,093	1,368,910
Total Operation	2,523,551	2,024,819
Maintenance		
Supervision and Engineering	79,040	81,865
Structures and Improvements	3,202	9,708
Transmission and Distribution Main	564,963	539,355
Services	129,926	99,516
Meters	74,141	70,669
Hydrants	90,505	52,686
Total Maintenance	941,777	853,799
Total Transmission and Distribution Expenses	$ 3,465,328	$ 2,878,618

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading and Expenses	$ 86,614	$ 82,197
Customer Accounts Expenses	203,401	177,845
Uncollectible Accounts	20,717	26,334
Total Billing and Collecting Expenses	310,732	286,376
Administrative and General Expenses		
Administrative and General Salaries	63,944	59,124
Other General Office Salaries	273,527	255,307
Office Supplies and Other Expenses	55,313	60,570
Regulatory Commission Expense	36,878	38,356
Outside Services	25,376	31,834
Special Legal Services	4,299	1,197
Employee Pensions and Benefits	585,085	363,720
Employee Welfare Expenses	1,359,781	1,236,852
Insurance	149,887	152,996
Injuries and Damages	125,862	114,855
Employer's FICA Tax	228,136	219,681
Administrative Expenses Allocated to Overhead	(348,989)	(354,527)
Maintenance Expenses Structures	3,996	3,422
Office Furniture and Equipment	56,341	58,969
Communication Equipment	6,024	7,617
Miscellaneous Property	12,232	9,830
Employee Training	19,304	20,995
Miscellaneous General Expenses	131,817	123,562
Total Administrative and General Expenses	2,788,813	2,404,360
Total Operation and Maintenance Expense	12,012,566	10,776,228
Operating Income (Loss)	(1,466,789)	(56,129)
Other Nonoperating Income		
Other Income	950,157	800,740
Interest and Dividend Income	82,042	103,900
Unrealized Gain (Loss) on Investment	(34,558)	(32,941)
Total Other Nonoperating Income	997,641	871,699
Other Nonoperating Expenses		
Interest on Financing	2,556,744	2,597,010
Amortization of Financing Costs	45,144	671,075
Administrative Expense of Bonds	1,473	1,472
Interest on Customer Deposits	1,081	2,479
Total Other Nonoperating Expenses	2,604,442	3,272,036
Net Nonoperating Income (Expenses)	(1,606,801)	(2,400,337)
Net Income (Loss)	$ (3,073,590)	$ (2,456,466)

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Sewer Utility Income		
Domestic, Public and Industrial Service	$ 8,432,634	$ 8,224,178
Service to Other Systems	656,106	712,508
Other Sewerage Service	91,365	80,268
Total Sewer Utility Income	9,180,105	9,016,954
Other Sewerage Income		
Forfeited Discounts and Penalties	100,206	104,908
Merchandising, Jobbing and Contract Other Operating Income	7,742	15,426
Total Other Sewerage Income	107,948	120,334
Total Operating Revenues	9,288,053	9,137,288
Collecting Expenses		
Operation		
Supervision and Engineering	137,151	123,131
Labor	129,527	116,983
Supply and Expense	138,462	131,961
Total Operation	405,140	372,075
Maintenance		
Supervision and Engineering	33,396	38,060
Service Connection and Traps	144,331	121,678
Collecting and Transmission Mains	331,302	353,562
Depreciation	1,584,342	1,357,785
Total Maintenance	2,093,371	1,871,085
Total Collecting Expenses	2,498,511	2,243,160
Pumping Expenses		
Operation		
Labor	82,828	74,544
Power and Fuel	174,005	170,064
Supplies and Expenses	13,255	13,333
Total Operation	270,088	257,941
Maintenance		
Pumping Equipment	71,429	68,227
Depreciation	714,451	646,285
Total Maintenance	785,880	714,512
Total Pumping Expenses	1,055,968	972,453
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	41,101	42,232
Labor	435,960	407,034
Supplies and Expense	471,755	427,777
Chemical and Treatment Expense	174,694	163,049
Total Operation	1,123,510	1,040,092
Maintenance		
Supervision and Engineering	42,875	42,930
Structures and Improvements	50,091	58,243
Treatment and Disposal System	229,650	281,106
Depreciation	825,697	950,650
Total Maintenance	1,148,313	1,332,929
Total Treatment and Disposal Expenses	$ 2,271,824	$ 2,373,022

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading Expenses	$ 167,800	$ 162,291
Customer Accounts Expenses	126,732	106,478
Uncollectible Accounts	22,707	27,011
Total Billing and Collecting Expense	317,239	295,780
Administrative and General Expenses		
Administrative and General Salaries	58,571	53,921
Other General Office Salaries	262,618	251,707
Office Supplies and Other Expenses	61,802	59,532
Regulatory Commission Expense	42,427	40,092
Outside Services	24,200	28,773
Special Legal Services	4,591	26,197
Employee Pensions and Benefits	585,085	363,720
Employee Welfare Expenses	1,427,749	1,341,451
Insurance	216,287	200,996
Injuries and Damages	125,371	127,824
Employer's FICA Tax	228,136	219,681
Administrative Expenses Allocated to Overhead	(247,156)	(150,969)
Maintenance Expenses Structures	7,137	12,792
Office Furniture and Eqipment	56,310	57,859
Communication Equipment	6,624	5,895
Miscellaneous Property	15,812	11,721
Employee Training	19,706	17,490
Miscellaneous General Expenses	63,782	61,763
Total Administrative and General Expense	2,959,052	2,730,445
Total Operation and Maintenance Expense	9,102,594	8,614,860
Operating Income (Loss)	185,459	522,428
Other Nonoperating Income		
Other Income	211,280	56,871
Interest and Dividend Income	73,108	86,566
Unrealized Gain (Loss) on Investment	(26,893)	(16,432)
Total Other Nonoperating Income	257,495	127,005
Other Nonoperating Expenses		
Interest on Financing	360,580	380,146
Amortization of Financing Costs	-	107,114
Administrative Costs of Bonds	140,712	137,320
Interest on Customer Deposits	482	-
Total Other Nonoperating Expenses	501,774	624,580
Net Nonoperating Income (Expenses)	(244,279)	(497,575)
Net Income (Loss)	$ (58,820)	$ 24,853

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Cheat Sewer Revenues	$ 1,604,089	$ 1,561,911
Forfeited Discounts and Penalties	24,745	25,080
Total Operating Revenues	1,628,834	1,586,991
Collecting Expenses		
Operation		
Supervision and Engineering	1,225	891
Labor	34,433	31,532
Total Operation	35,658	32,423
Maintenance		
Supervision and Engineering	16,348	17,815
Service Connection and Traps	8,663	2,188
Collecting and Transmission Mains	50,951	28,186
Depreciation	526,022	512,407
Total Maintenance	601,984	560,596
Total Collecting Expenses	637,642	593,019
Pumping Expenses		
Operation		
Labor	29,326	26,918
Power and Fuel	35,354	31,181
Supplies and Expenses	7,989	7,153
Total Operation	72,669	65,252
Maintenance		
Pumping Equipment	32,295	25,964
Total Maintenance	32,295	25,964
Total Pumping Expenses	104,964	91,216
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	4,363	3,474
Labor	77,431	74,964
Supplies and Expense	165,977	134,466
Total Operation	247,771	212,904
Maintenance		
Structures and Improvements	1,592	1,641
Treatment and Disposal System	42,223	41,770
Total Maintenance	43,815	43,411
Total Treatment and Disposal Expenses	$ 291,586	$ 256,315

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MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	2016	2015
Billing and Collecting Expenses		
Meter Reading Expenses	$ 29,709	$ 28,995
Customer Accounts Expenses	24,679	21,195
Uncollectible Accounts	5,420	5,297
Total Billing and Collecting Expense	59,808	55,487
Administrative and General Expenses		
Administrative and General Salaries	52,288	49,746
Office Supplies and Other Expenses	(11,354)	(22,260)
Regulatory Commission Expense	5,761	6,295
Outside Services	2,031	1,690
Employee Pensions and Benefits	163,373	125,805
Insurance	207,062	194,158
Employer's FICA Tax	37,138	35,762
Employee Training	1,984	2,107
Miscellaneous General Expenses	8,778	8,665
Total Administrative and General Expense	467,061	401,968
Total Operation and Maintenance Expense	1,561,061	1,398,005
Operating Income (Loss)	67,773	188,986
Other Nonoperating Expenses		
Administrative Costs of Bonds	19,807	19,807
Total Other Nonoperating Expenses	19,807	19,807
Net Income (Loss)	$ 47,966	$ 169,179

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STORM WATER DEPARTMENT
STATEMENT OF REVENEUS, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Storm Water Revenues	$ 1,896,211	$ 1,847,051
Forfeited Discounts and Penalties	22,448	20,919
Total Operating Revenues	1,918,659	1,867,970
Collecting Expenses		
Operation		
Supervision and Engineering	16,586	13,685
Labor	67,527	65,172
Total Operation	84,113	78,857
Maintenance		
Supervision and Engineering	163,870	140,302
Service Connection and Traps	200,620	158,072
Depreciation	571,217	542,567
Total Maintenance	935,707	840,941
Total Collecting Expenses	1,019,820	919,798
Billing and Collecting Expenses		
Customer Accounts Expenses	85,098	75,596
Uncollectible Accounts	6,522	6,298
Total Billing and Collecting Expense	91,620	81,894
Administrative and General Expenses		
Administrative and General Salaries	53,812	51,221
Office Supplies and Other Expenses	(62,587)	(79,148)
Regulatory Commission Expense	-	1,750
Outside Services	2,031	1,693
Employee Pensions and Benefits	163,557	118,771
Insurance	184,762	176,158
Employer's FICA Tax	37,138	35,762
Employee Training	2,284	5,677
Public Outreach	38,266	53,800
Miscellaneous General Expenses	8,555	10,920
Total Administrative and General Expense	427,818	376,604
Total Operation and Maintenance Expense	1,539,258	1,378,296
Operating Income (Loss)	379,401	489,674
Other Nonoperating Expenses		
Interest on Debt	209,424	217,555
Amortization of Debt	605	143,342
Administrative Expense on Debt	44,194	44,194
Total Other Nonoperating Expenses	254,223	405,091
Net Income (Loss)	$ 125,178	$ 84,583

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix has been obtained from sources that the Issuer, the Morgantown Utility Board and the Underwriter believe to be reliable, but none of the Issuer, the Morgantown Utility Board 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 2016 A Bonds. The Series 2016 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 A Bond certificate will be issued for each maturity of the Series 2016 A Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2016 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 A Bonds, except in the event that use of the book-entry system for the Series 2016 A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2016 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 A 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

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time. Beneficial Owners of Series 2016 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 A Bonds documents. For example, Beneficial Owners of Series 2016 A Bonds may wish to ascertain that the nominee holding the Series 2016 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2016 A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 A 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 2016 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2016 A 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 2016 A Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Series 2016 A Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 A Bonds, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Series 2016 A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2016 A 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 2016 A 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 2016 A 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 D

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

(Form of Bond Counsel Opinion)

December 1, 2016

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

The City of Morgantown
Morgantown, West Virginia

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

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 Morgantown, West Virginia (the "Issuer") of its $69,755,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds").

The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on November 1, 2016 and a Certificate of Determinations executed by the Mayor on November 15, 2016 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Ordinance.

The Series 2016 B Bonds are issued in fully registered form, are dated December 1, 2016, mature on December 1 in the years and amounts and bear interest payable each June 1 and December 1 commencing June 1, 2017, all as set forth in the Ordinance.

The Ordinance provides that the Series 2016 A Bonds are issued for the purpose of: (i) financing, along with the proceeds of the Issuer's Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program) (the "Series 2016 B-1 Bonds") and Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green) issued contemporaneously herewith (the "Series 2016 B-2 Bonds" and, collectively with the Series 2016 B-1 Bonds, the "Series 2016 B Bonds") and monies of the Combined Utility System available therefore, the costs of the design, acquisition, construction and equipping of certain additions, betterments and improvements to the existing sanitary sewerage treatment and collection facilities of the Combined Utility System of the City; (ii) funding the Series 2016 A Bonds Reserve Account with the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM"

or the "Bond Insurer"); (iii) paying the premium for a municipal bond insurance policy (the "Series 2016 A Insurance Policy") from the Bond Insurer; and (iv) paying costs of issuance of the Series 2016 A Bonds and related costs.

The Series 2016 A Bonds have been sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), and behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated November 15, 2016 (the "Bond Purchase Agreement"), accepted by the Issuer.

In connection with our engagement as Bond Counsel, we have examined the law and such documents and matters as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure 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 2016 A Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance; has authorized, executed and delivered the 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 2016 A Bonds; and has issued and delivered the Series 2016 A Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto (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 2016 A Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity with the Series 2016 B-1 Bonds and the Prior Bonds, as defined in the Ordinance. The Series 2016 A Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. We have examined the executed and authenticated Series 2016 A Bonds of said issue, and in our opinion, said Series 2016 A Bonds are in proper form and have been duly executed and authenticated.

6. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2016 A Bonds is excluded from the gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; *provided, that* the interest on the Series 2016 A Bonds is taken into account as an adjustment to current earnings when computing the federal alternative minimum tax on certain corporations. Ownership of tax-exempt obligations, including the Series 2016 A Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2016 A Bonds. Prospective purchasers of the Series 2016 A Bonds should consult their own tax advisors as to such consequences.

The opinions set forth in this paragraph 6 are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the *"Code"*) that must be satisfied in order for interest on the Series 2016 A Bonds to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2016 A Bonds set forth in the Ordinance, the Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2016 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2016 A Bonds.

7. Under the Act, the Series 2016 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Series 2016 A Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2016 A Bonds, to register any securities under said Securities Acts.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

Sewage Treatment Plant Upgrade Project

THE CITY OF MORGANTOWN, WEST VIRGINIA
CONFORMED ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the sanitary sewerage collection and treatment portion of the System (collectively, the "Sanitary Sewerage System"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the Sanitary Sewerage System (further defined herein as the "Sewer Treatment Plant Project") should be financed, as provided under the Act, in whole or in part, from the proceeds of multiple series of combined utility system revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, as well as the costs of issuance of such bonds;

WHEREAS, the Issuer has determined to initially finance the costs of the Sewer Treatment Plant Project through the simultaneous issuance of three series of combined utility system revenue bonds designated, and in the not to exceed amounts, as follows:

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000 (the "Series 2016 A Bonds");

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), in the aggregate principal amount of not more than $30,000,000 (the "Series 2016 B-1 Bonds"); and

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green), in the aggregate principal amount of not more than $500,000 (the "Series 2016 B-2 Bonds" and collectively with the Series 2016 B-2 Bonds, the "Series 2016 B Bonds").

The Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds are referred to herein as the "Sewer Treatment Plant Project Bonds".

WHEREAS, the Issuer has determined to enact this Ordinance to authorize the issuance of the Series 2016 A Bonds (the "Series 2016 A Ordinance"), such Series 2016 A Bonds to have such security and such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has enacted a separate Ordinance to approve the issuance of the Series 2016 B Bonds (the "Series 2016 B Ordinance" and, collectively with the Series 2016 A Ordinance, the "Sewer Treatment Plant Project Bond Ordinances");

The Series 2016 A Bonds, the Series 2016 B-1 Bonds, and the Series 2016 B-2 Bonds will be issued on a parity with one another, the Prior Bonds, and any Additional Parity Bonds (as hereinafter defined) with respect to their lien on and security interest in the Gross Revenues of the System, and the Series 2016 A Bonds shall contain such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 A Bonds.

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

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

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto, the authorized officer for which will be the Board's General Manager.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds, the Prior Bonds and any Additional Parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 A Bonds in substantially the form set forth in "EXHIBIT A – FORM OF SERIES 2016 A BONDS," attached hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

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

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

"Independent Accountant" means the West Virginia State Tax Department or any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs, and specifically shall not include any certified public accountant who is an employee of either the City or the Board.

"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 Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

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

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2016 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

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

"Operating Expenses" means the reasonable, proper and necessary costs 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, fees and expenses of the Authority, fiscal agents, 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; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the 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; and (d) with respect to determining the number or percentage of Bondholders 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 2016 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D

Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds, and Series 2015 E Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

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

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2016 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2016 A Bonds are privately placed, the price paid by the first buyer of the Series 2016 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2016 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2016 A Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2016 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2016 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

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

"Sanitary Sewerage System" means, collectively, the sanitary sewerage collection and treatment portion of the System.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000.

"Series 2000 B Bonds" means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000.

"Series 2001 A Bonds" means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of $3,812,470.

"Series 2006 A Bonds" means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000.

"Series 2012 C Bonds" means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of $2,330,000.

"Series 2013 A Bonds" means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260.

"Series 2014 B Bonds" means the Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of $505,421.

"Series 2015 A Bonds" means the Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568..

"Series 2015 B Bonds" means the Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586.

"Series 2015 C Bonds" means the Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813.

"Series 2015 D Bonds" means the Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394.

"Series 2015 E Bonds" means the Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300.

"Series 2016 Bonds" means collectively, the Series 2016 A Bonds, the Series 2016 B-1 Bonds, and the Series 2016 B-2 Bonds.

"Series 2016 A Bonds" means the Combined Utility System Revenue Bonds, Series 2016 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

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

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

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

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

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

"Series 2016 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds.

"Series 2016 B Bonds" means, collectively, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds as hereinafter defined.

"Series 2016 B-1 Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B-1 (West Virginia SRF Program), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $29,500,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 B-2 Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B-2 (West Virginia SRF Program/Green), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than $500,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Sewer Treatment Plant Project" means, collectively, the acquisition and construction of certain additions, betterments and improvements to the System, including the design, acquisition and construction of improvements to the wastewater treatment plant located in Star City which is part of the Sanitary Sewer System.

"Sewer Treatment Plant Project Bonds" means, collectively, the Series 2016 A Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

"Sewer Treatment Plant Project Bond Ordinances" means, collectively, the ordinances authorizing the Sewer Treatment Plant Project 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, Bond Insurer provisions (if any) and other terms of the Series 2016 A Bonds and authorizing the sale of the Series 2016 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2016 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Sewer Treatment Plant Project and any additions, betterments and improvements thereto hereafter acquired or constructed for said municipal waterworks, sewerage and stormwater system from any sources whatsoever, both within and without the Issuer.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 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 Monongalia County of said State.

B. The Issuer presently owns and operates, through the Board, a public combined waterworks, sewerage, and stormwater 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 City and specifically of the Sewer Treatment Plant Project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the System, specifically including, but not limited to, the rehabilitation and improvement of the wastewater treatment plant located in Star City, and all necessary appurtenances; (collectively, the "Sewer Treatment Plant Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Board.

C. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than $100,000,000, to permanently finance a portion of the costs of acquisition and construction of the Sewage Treatment Plant Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Sewer Treatment Plant Project; amounts which may be deposited in the Series 2016 A

Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance policy, debt service reserve account insurance policy or debt service reserve account surety bond; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Sewage Treatment Plant Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Sewage Treatment Plant Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are or will be outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Prior Bonds, and the Issuer's Series 2016 B Bonds and Series 2016 C Bonds, to be issued contemporaneously with the issuance of the Series 2016 A Bonds, and the Issuer's Series 2016 D Bonds, which will be issued either contemporaneously with, or after, the issuance of the Series 2016 A Bonds.

Prior to the issuance of the Series 2016 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds. The Series 2010 A Bonds, Series 2010 F Bonds, Series

2012 C Bonds and Series 2014 B Bonds do not require written consent from the holders thereof.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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

G. The Issuer intends to issue the Series 2016 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, to pay the principal of, and interest on the Series 2016 A Bonds, Series 2016 B-1 Bonds, Series 2016 B-2 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

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

J. The Series 2016 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2016 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2016 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 A Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. Prior to construction, the Issuer will have complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Water Reservoir Project and the System and issuance of the Series 2016 A Bonds including but not limited to Chapter 24, Article 2, Paragraph 11 (l).

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2016 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2016 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2016 A Bond and any other Series 2016 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE SEWER TREATMENT PLANT PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Sewer Treatment Plant Project. There is hereby authorized and ordered the acquisition and construction of the Sewer Treatment Plant Project, at an estimated cost of not more than $130,000,000, of which up to $100,000,000 will be obtained from the proceeds of the Series 2016 A Bonds and up to $30,000,000 will be obtained from the proceeds of the sale of the Series 2016 B Bonds.

ARTICLE III
THE SERIES 2016 A BONDS

Section 3.01 Form and Payment of Bonds. No Series 2016 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2016 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series

2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2016 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2016 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2016 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2016 A Bond in the principal amount of said 2016 A Bond then Outstanding.

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

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

Series 2016 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2016 A Bonds issued hereunder.

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

So long as any of the Series 2016 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 A Bonds. The Series 2016 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2016 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2016 A Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2016 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 A Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2016 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 A Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making

such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2016 A Bonds that have been called for redemption.

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

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

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

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

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2016 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

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

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2016 A Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed

for redemption to the applicable Bond Insurer and the registered owner of the Series 2016 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

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

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

Official notice of redemption having been given as aforesaid, the Series 2016 A Bonds, or portions of the Series 2016 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2016 A Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered

owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2016 A Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2016 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2016 A Bonds. For the purposes of paying a portion of the costs of the Sewage Treatment Plant Project, capitalizing interest on the Series 2016 A Bonds, paying the premium for a municipal bond insurance policy, funding the Series 2016 A Bonds Reserve Account with proceeds of the Series 2016 A Bonds or paying the premium for a municipal bond debt service reserve insurance policy, in a amount equal to the Series 2016 A Bonds Debt Service Reserve Requirement and paying costs in connection with the issuance of the Series 2016 A Bonds, there shall be issued the Series 2016 A Bonds of the Issuer, in an aggregate principal amount of not more than $100,000,000. Said Series 2016 A Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2016 A," or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in one or more Supplemental Resolution(s), and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2016 A

Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $100,000,000); shall bear interest at such rate or rates, (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

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

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

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

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

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

Section 3.12. Delivery of Series 2016 A Bonds. A. The Issuer shall execute and deliver the Series 2016 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to DTC for the benefit of the Original Purchaser;

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

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

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

Section 3.13. Form of Series 2016 A Bonds. The definitive Series 2016 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2016 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2016 A Bonds. Upon the issuance and delivery of the Series 2016 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

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

2. if a Municipal Bond Insurance Policy has been obtained to secure the payment of the principal of, and interest on, the Series 2016 A Bonds, the premium for such Municipal Bond Insurance Policy shall be paid to the Bond Insurer.

3. An amount of the proceeds of the Series 2016 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2016 A Bonds Reserve Account; provided, that to the extent the Series 2016 A Bonds Reserve Requirement is satisfied in whole or in part from a municipal bond debt serve reserve insurance polity, letter of credit, surety bond or other credit facility, proceeds of the Series 2016 A Bonds shall be deposited in the Series 2016 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 A Bonds Reserve Requirement.

4. The amount of Series 2016 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 A Bonds shall be deposited with the Depository Bank in the Series 2016 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2016 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2016 A Bonds from which such proceeds are derived.

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

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

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) Depreciation Fund (established by the Prior Ordinances);

(3) Operation and Maintenance Fund (established by the Prior Ordinances); and

(4) Series 2016 A 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 is established by Prior Ordinances or the Sewer Treatment Plant Project Bond Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other:

(1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

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

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

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

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

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

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

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

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

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

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

(25) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);

(26) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);

(27) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);

(28) Series 2012 C Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

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

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

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

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

(37) Series 2015 C Bonds Sinking Fund (established by Prior Ordinances);

(38) Series 2015 C Bonds Reserve Account (established by Prior Ordinances);

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

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

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

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

(43) Series 2016 B-1 Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(44) Series 2016 B-1 Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(45) Series 2016 B-2 Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);

(46) Series 2016 B-2 Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);

(47) Series 2016 A Bonds Sinking Fund; and

(48) Series 2016 A Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

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

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to for payment of interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2014 B Bonds, Series 2015 A Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective sinking funds for the payment of interest on the Series 2016 B Bonds; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 A Bonds on the next ensuing

semiannual interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2016 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective sinking funds for the payment of principal on the Series 2016 B Bonds; and (iii) for deposit in the Series 2016 A Bonds Sinking Fund (and in the Series 2016 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2016 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2016 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2016 A Bonds on the next ensuing principal payment or mandatory Redemption Date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2016 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2016 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) the amounts required by the ordinance authorizing the Series 2016 B Bonds to be deposited into the respective reserve accounts for the Series 2016 B Bonds, if any; and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2016 A Bonds or upon completion of construction of the Sewer Treatment Plant Project, whichever is earlier, if not fully funded upon issuance of the Series 2016 A Bonds, for deposit in the Series 2016 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2016 A

Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2016 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2016 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2016 A Bonds Reserve Account, as a result of a decrease in value of the Series 2016 A Bonds Reserve Account below the Series 2016 A Bonds Reserve Account Requirement or any withdrawal from the Series 2016 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2016 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2016 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2016 A Bonds Reserve Account is less than the Series 2016 A Bond Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2016 A Bonds Reserve Account for deposit into the Series 2016 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2016 A Bonds Reserve Account to an amount equal to the Series 2016 A Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2016 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2016 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2016 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2016 A Bond Reserve Account Requirement.

Amounts in the Series 2016 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2016 A Bonds when due, when amounts in the Series 2016 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2.5% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided,

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

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

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

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

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2015 A Bonds and the Series 2016 B Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer, through the Board, shall invest and reinvest, and shall instruct the Bond 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, though the Board, 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, through the Board, may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

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

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

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2016 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2016 A Bonds Reserve Account shall, at any time, be less than the applicable Series 2016 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(F) Notwithstanding the foregoing, all monies deposited in the Series 2016 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia

"consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2016 A Bonds in such manner and to such extent as may be necessary, so that such Series 2016 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2016 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2016 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in

the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2016 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2016 A Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2016 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2016 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2016 A Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2016 A Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2016 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2016 A Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2016 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, the Series 2016

B-1 Bonds and the Series 2016 B-2 Bonds and, in the instance of the Series 2016 A Bonds, all monies and securities in the Series 2016 A Bonds Sinking Fund, including the Series 2016 A Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the Series 2016 A Bonds herein authorized, and to make the payments into the Series 2016 A Bonds Sinking Fund, all monies and securities in the Series 2016 A Bonds Sinking Fund, including the Series 2016 A Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law. Copies of such rates and charges so established may be obtained from the Board by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System, and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 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 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.

The Issuer expressly reserves the right to reduce the rates for the System in effect as of the date of issuance of the Series 2016 A Bonds in the event that, based on a certificate of an Independent Certified Public Accountant, even after any such decrease in rates, the Issuer will meet the requirements of the Section 6.04 and is not in default under any other provision of any ordinance authorizing in bonds or other indebtedness secured by the Gross Revenues of the System.

Section 6.05. Completion of Sewer Treatment Plant Project; Operation and Maintenance. The Issuer will complete the Sewer Treatment Plant Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same

as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Sewer Treatment Plant Project.

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

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $1,000,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $1,000,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $1,000,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $5,000,000

and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2016 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2016 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds, Series 2016 B-1 Bonds or Series 2016 B-2 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinances authorizing such bonds shall be applicable. In addition, no Additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of the Series 2016 A Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition, construction or equipping additions, betterments or improvements for the System, refunding all or a portion of one or more series of the Series 2016 A Bonds issued pursuant hereto, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, or the Prior Bonds, refunding all or a portion of any series of Additional Parity Bonds hereinafter issued, paying claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such

Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2016 A Bonds then Outstanding;

(2) The Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Additional Parity Bonds.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2016 A Bonds, the Series B-1 Bonds, the Series B-2 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity

Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Gross Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Gross Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues with the Series 2016 A Bonds except in the manner and under the conditions provided in this section.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2016 A Bonds remain Outstanding, the Issuer or the Board 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 Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Sewer Treatment Plant Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer and the Board from claims arising out of operation or ownership of motor vehicles of or for the

System; provided, that the Board, with the review of an independent insurance consultant and the concurrence of the Issuer, may elect to self-insure.

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 Board and such payment bonds will be filed with the Clerk of the County Commission of Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Sewer Treatment Plant Project to carry such workers' compensation coverage for all employees working on the Sewer Treatment Plant 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 Sewer Treatment Plant Project.

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

Section 6.11. Enforcement of Collections. The Issuer shall, through the Board, 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.

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

Section 6.13. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2016 A 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 Board relating thereto.

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

remote from the direct supervision of the Board shall be reported to such agent of the Board as it shall direct.

The Issuer or the Board shall, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year.

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.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2016 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2016 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2016 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2016 A Bonds during the term thereof is, under the terms

of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2016 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2016 A Bonds during the terms thereof is, under the terms of such Series 2016 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2016 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2016 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2016 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2016 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2016 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2016 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2016 A Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2016

A Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Covenants Regarding the Municipal Bond Debt Service Reserve Insurance Policy. The Issuer intends to obtain a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Account. In the event such Municipal Bond Debt Service Reserve Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2016 A Bonds, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.20. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or 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 Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by the Mayor. The Mayor and Clerk are further authorized to take all actions necessary for the Issuer to comply with the Continuing Disclosure Agreement.

Section 6.21 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2016 A Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2016 A 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.

Section 6.22. Bond Purchase Agreement. The Series 2016 A Bonds shall be sold to the Original Purchaser pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance, the Mayor is specifically authorized and directed to execute the said Bond Purchase Agreement in such form as may be approved

by the Supplemental Resolution, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the said Bond Purchase Agreement to the Original Purchaser.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2016 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2016 A Bond;

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

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances, or the Series 2016 B-1 Bonds or the Series 2016 B-2 Bonds or the Series 2016 B Ordinance.

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

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

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

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

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute all pro rata, with respect to the Prior Bonds the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and any Additional Parity Bonds, and the Series 2016 A Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2016 A Bonds, the Series 2016 B-1 Bonds, the Series 2016 B-2 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2016 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution

have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

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

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

ARTICLE VIII
REGISTRAR AND PAYING AGENT

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

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2016 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2016 A Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2016 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2016 A Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2016 A Bonds Outstanding.

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

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

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

trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2016 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

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

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

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

period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

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

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

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

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

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

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2016 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee

pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

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

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

nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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

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

C. The amount of fully registered Series 2016 A Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2016 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2016 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2016 A Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

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

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

ISSUER
The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

and

Morgantown Utility Board
278 Greenbag Road
Morgantown, West Virginia 26507
Attention: General Manager

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]

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

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

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2016 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2016 A Bonds, the Bond Insurer and the Original Purchaser.

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

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

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2016 A Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of February, 2016, at 7:00 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 10.14. Effective Date. This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading: January 5, 2016

Second Reading: January 19, 2016

Effective following
Public Hearing held on: February 2, 2016

THE CITY OF MORGANTOWN

_____
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 MORGANTOWN at a regular meeting of the City Council held on February 2, 2016, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this ____ day of December, 2016.

[SEAL]

_____
City Clerk

EXHIBIT A – FORM OF SERIES 2016 A BONDS

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (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 _____, _____, 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 Morgantown Combined Utility System Revenue Bonds, Series 2016 A" (the "Series 2016 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2016, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of Sewer Treatment Plant Project: [(ii) to capitalize interest on the Series 2016 A Bonds;] [(iii) pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds;] [(iv) to fund a reserve account for the Series 2016 A Bonds/to pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds] in an amount equal to the Series 2016 A Bonds Reserve Requirement; and (v) to pay certain costs of issuance of the Series 2016 A Bonds and related costs. The Series 2016 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2016, and supplemented by a supplemental resolution adopted by said Council on _____, 2016 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2016 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time,

for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2016 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,601,477 (THE "SERIES 1995 BONDS");

(2) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS");

(3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS");

(4) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,812,470 (THE "SERIES 2001 A BONDS");

(5) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $6,410,191 (THE "SERIES 2006 A BONDS");

(6) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS");

(7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS");

(8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS");

(9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS");

(10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS");

(11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS");

(12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS");

(14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C (BANK QUALIFIED), DATED OCTOBER 5, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,330,000 (THE "SERIES 2012 C BONDS");

(15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 22, 2013, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,605,260 (THE "SERIES 2013 A BONDS");

(16) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2014 B DATED JULY 23, 2014, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $505,421 (THE "SERIES 2014 B BONDS");

(17) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $137,568 (THE "SERIES 2015 A BONDS");

(18) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,586 (THE "SERIES 2015 B BONDS");

(19) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 C (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,111,813 (THE "SERIES 2015 C BONDS");

(20) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 D (WEST VIRGINIA SRF PROGRAM), DATED MARCH 31, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,688,394 (THE "SERIES 2015 D BONDS");

(21) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2015 E (WEST VIRGINIA SRF PROGRAM), DATED JUNE 11, 2015, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $662,300 (THE "SERIES 2015 E BONDS"), (COLLECTIVELY, THE "PRIOR BONDS");

(22) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 B-1 (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER __, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B-1 BONDS"); AND

(23) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 B-2 (WEST VIRGINIA SRF PROGRAM/GREEN), DATED DECEMBER __, 2016, ISSUED SIMULTANEOUSLY HEREWITH, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2016 B-2 BONDS").

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____
* Final Maturity

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

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

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

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

maximum amount payable in any year for principal of and interest, if any, on the Series 2016 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2016 A Bonds, including the Prior Bonds, the Series 2016 B-1 Bonds and the Series 2016 B-2 Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2016 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2016 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Sewer Treatment Plant Project, capitalize the interest on the Series 2016 A Bonds for a period of _____, [pay the premium for a Municipal Bond Insurance Policy to secure the payment of the principal of and interest on the Series 2016 A Bonds, [fund a reserve account for the Series 2016 A Bonds/pay the premium for a Municipal Bond Debt Service Reserve Insurance Policy to fund the reserve account for the Series 2016 A Bonds] in amount equal to the Series 2016 A Bonds Reserve Requirement, and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2016 A Bonds.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

[Manual or facsimile signature]
Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, 2016.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 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.

THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT)

BOND ORDINANCE

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The City of Morgantown

Combined Utility System Revenue Bonds, Series 2016 A

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION RE-DESIGNATING THE PREVIOUSLY AUTHORIZED COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT) AS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A; PROVIDING PARAMETERS AS TO THE PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE ORIGINAL PURCHASER; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, A TAX COMPLIANCE POLICY, A CONTINUING DISCLOSURE POLICY, AND OTHER INSTRUMENTS RELATING TO THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY AND/OR MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY AND AMENDMENT AND/OR MODIFICATION OF THE ORDINANCE TO COMPLY THEREWITH; APPOINTING A REGISTRAR, PAYING AGENT AND DISSEMINATION AGENT FOR SUCH BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, The City of Morgantown (the "Issuer") in the County of Monongalia, State of West Virginia, is a municipal corporation and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on February 2, 2015, an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND

PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the above-described Ordinance provides for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2016 A (Tax-Exempt) in an aggregate principal amount not to exceed $100,000,000, in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") for the purposes of financing a portion of the Costs of the Project, as defined in the Series 2016 A Ordinance (as hereinafter defined);

WHEREAS, the Issuer desires to re-designate the Bonds approved in the above-described Ordinance as "Combined Utility System Revenue Bonds, Series 2016 A" and hereby does authorize and approve all amendments and modifications to the above-described Ordinance to reflect such re-designation, as reflected on "EXHIBIT A" attached hereto, and other amendments and modifications, and such amended and modified Ordinance is hereinafter referred to as the "Series 2016 A Ordinance."

WHEREAS, the Series 2016 A Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2016 A Bonds should be established by Supplemental Resolution or by a Certificate of Determinations, that a Registrar, Paying Agent and Dissemination Agent be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Bonds be provided for by a Supplemental Resolution of the Governing Body or pursuant to a Certificate of Determinations executed by the Mayor, that additional covenants and provisions relating to the Series 2016 A Bonds be provided for therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2016 A Bonds and/or providing a Municipal Bond Debt Service Reserve Insurance Policy for such Series 2016 A Bonds and that other matters pertaining to the Series 2016 A Bonds be provided for by a Supplemental Resolution of this Governing Body or by a Certificate of Determinations executed by the Mayor;

WHEREAS, the Series 2016 A Bonds are proposed to be purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), and behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible terms for the Series 2016 A Bonds, the Mayor, or the Mayor's designee, shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Mayor shall determine most advantageous to the Issuer, or not at all, and the Mayor shall be authorized to acquire a Municipal Bond Insurance Policy and/or Municipal Bond Debt Service Reserve Insurance Policy, if either, or both, is determined by the Mayor, or the Mayor's designee, to be financially advantageous to the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental parameters resolution (the "Series 2016 A Supplemental Parameters Resolution") be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax and Non-Arbitrage Certificate, and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official

Statement relating to the Series 2016 A Bonds, hereinafter described, be approved, that the Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2016 A Bonds be herein provided for all in accordance with the Series 2016 A Ordinance;

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

SECTION 1. The previously authorized "Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt)," are hereby re-designated as "Combined Utility System Revenue Bonds, Series 2016 A" and the Ordinance enacted February 2, 2015 authorizing the issuance of the Bonds to pay a portion of the Costs of the Project is hereby amended and modified as reflected in Exhibit A attached hereto and incorporated herein by reference. For the purposes of (i) paying a portion of the Costs of the Project, (ii) funding a debt service reserve account for the Series 2016 A Bonds either with cash or through the purchase of a Municipal Bond Debt Service Reserve Insurance Policy, (iii) paying, if determined to be financially advantageous to the Issuer, the premium for a Municipal Bond Insurance Policy, and (iv) paying costs of issuance of the Series 2016 A Bonds and related costs, the Governing Body of the Issuer hereby authorizes and orders the issuance of the Series 2016 A Bonds in an aggregate principal amount not to exceed $100,000,000.

SECTION 2. Pursuant to the Series 2016 A Ordinance and the Act, this Series 2016 A Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2016 A Bonds. The Series 2016 A Bonds shall be issued in the aggregate principal amount not to exceed $100,000,000, bear interest at a rate not to exceed 6.0%, payable semiannually, shall mature no later than December 1, 2041, and shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor, or the Mayor's designee, pursuant to the execution and delivery by the Mayor of a Certificate of Determinations with respect to the Series 2016 A Bonds, dated the date of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT B and approved hereby (the "Series 2016 A Certificate of Determinations"). The Series 2016 A Bonds and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2016 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Determinations.

SECTION 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form to be approved pursuant to the execution and delivery by the Mayor, or the Mayor's designee, of the Certificate of Determinations, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2016 A Bonds, including the payment of all necessary fees and expenses in connection therewith.

SECTION 4. Proceeds of the Bonds shall be expended solely for the purposes set forth in the Series 2016 A Ordinance.

SECTION 5. 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, in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof,

shall be and the same are hereby authorized, approved and directed. The execution of the Tax Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

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

SECTION 6. A. The Dissemination Agreement, to be dated the date of execution and delivery of the Series 2016 A Bonds (the "Disclosure Agreement"), by and between the Issuer and Digital Assurance Certification, LLC, in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

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

SECTION 7. 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 attached hereto as EXHIBIT E and 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 8. The Registrar Agreement by and between the Issuer and the Registrar designated herein, substantially in the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof, shall be and the same are hereby authorized, approved and directed. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

SECTION 9. The General Manager and Assistant General Manager of the Morgantown Utility Board ("MUB") are each, individually, hereby authorized to approve invoices and requisitions for payment of Costs of the Project, specifically including, but not limited to, requisitions of proceeds of the Series 2016 A Bonds.

SECTION 10. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel and disclosure counsel to the Issuer in connection with the issuance of the Series 2016 A Bonds.

SECTION 11. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Series 2016 A Bonds. The Issuer hereby appoints and designates Digital Assurance Certification, LLC, as dissemination agent for the Series 2016 A Bonds.

SECTION 12. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, as the Registrar for the Series 2016 A Bonds. The General Manager of MUB is hereby authorized to designate the depository bank for the proceeds of the Series 2016 A Bonds.

SECTION 13. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Insurance Policy to secure the payment of the principal of, and interest on, the Series 2016 A Bonds. In the event a Municipal Bond Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2016 A Bonds. These additional covenants and provisions shall be set forth in the Series 2016 A Certificate of Determinations, shall apply to the Series 2016 A Bonds, and shall be supplemental to, and amendatory of, the Ordinance and this Series 2016 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 14. The Issuer may, if determined to be financially advantageous, acquire a Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Debt Service Reserve Fund for the Series 2016 A Bonds. In the event a Municipal Bond Debt Service Reserve Insurance Policy is obtained, additional covenants and provisions of the Issuer may be required by the Bond Insurer as a condition to providing the Municipal Bond Debt Service Reserve Insurance Policy for the Series 2016 A Bonds Debt Service Reserve Fund. These additional covenants and provisions shall be set forth in the Series 2016 A Certificate of Determinations, shall apply to the Series 2016 A Bonds, and shall be supplemental to, and amendatory of, the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution, and shall be controlling in the event any other provisions of the Series 2016 A Ordinance and this Series 2016 A Supplemental Parameters Resolution may be in conflict therewith.

SECTION 15. 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 2016 A Bonds, to the end that the Series 2016 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

SECTION 16. The notice addresses for the Paying Agent, Registrar and Dissemination Agent shall be as follows:

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25301
Attention: Executive Director

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

DISSEMINATION AGENT
Digital Assurance Certification, LLC
390 North Orange Avenue
Suite 1750
Orlando, FL 32801-1674

SECTION 17. The financing of a portion of the Costs of the Project with the Proceeds of the Series 2016 A Bonds and issuance of the Series 2016 A Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

SECTION 18. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2016 A Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2016 A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

SECTION 19. The Mayor and City Clerk, and all other appropriate officers and employees of the Issuer, are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2016 A Bonds to be duly and properly issued by the Issuer and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Series 2016 A Supplemental Parameters Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

SECTION 20. This Series 2016 A Supplemental Parameters Resolution shall be effective immediately following adoption hereof.

Adopted this 1st day of November, 2016.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

[SEAL]

Attest:

_____
City Clerk

CERTIFICATION

Certified a true copy of a Series 2016 A Supplemental Parameters Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on November 1, 2016, which Series 2016 A Supplemental Parameters Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated: December 1, 2016.

By: _____
City Clerk

627490.00049

EXHIBIT A – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

CONFORMED ORDINANCE

See Tab 1

EXHIBIT B – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

FORM OF CERTIFICATE OF DETERMINATIONS

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Series 2016 A Supplemental Parameters Resolution adopted by the Governing Body of the Issuer on November 1, 2016 (the "Series 2016 A Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds"), hereby finds and determines this ____ day of November, 2016, as follows:

1. The Series 2016 A Bonds shall be dated December 1, 2016 shall bear interest on _____ 1 and _____ 1 of each year commencing _____, 2017.

2. The Series 2016 A Bonds shall be issued in the aggregate principal amount of $_____. The interest rates on the Series 2016 A Bonds do not exceed 6.0%, being the maximum interest rate authorized by the Series 2016 A Ordinance.

3. The Series 2016 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2016 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2016 A Bonds shall [not] be subject to [optional and/or mandatory] redemption [as set forth on Schedule 2 attached hereto and incorporated herein.]

6. The Series 2016 A Bonds shall be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated (also known as "Bank of America"), on behalf of itself and Citigroup Capital Markets Inc. and Crews & Associates, Inc. (collectively, the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount[premium] of $_____).

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

8. [The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by _____ ("_____") to secure the payment of principal of, and interest on, the Series 2016 A Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Insurance Policy, and accordingly accepts the

Municipal Bond Insurance Commitment (the "Series 2016 A Insurance Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Insurance Commitment and deliver the same to _____.]

9. [Pursuant to the Series 2016 A Insurance Commitment, and, as permitted by Section 1_ of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2016 A Bonds are attached hereto as Exhibit A and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Series 2016 A Ordinance and applicable to the Series 2016 A Bonds.]

10. [The Issuer does hereby determine that the Municipal Bond Debt Service Reserve Insurance Policy offered by _____ ("_____") to fund the Series 2016 A Bonds Reserve Account will result in a cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Debt Service Reserve Insurance Policy, and accordingly accepts the Municipal Bond Debt Service Reserve Insurance Commitment (the "Series 2016 A Reserve Commitment") dated _____, 2016. The Mayor is hereby authorized to execute the Reserve Commitment and deliver the same to _____.]

11. [Pursuant to the Series 2016 A Reserve Commitment, and, as permitted by Section 15 of the Series 2016 A Supplemental Parameters Resolution, the covenants and provisions which are required by _____ as a condition precedent to issuance of its Municipal Bond Debt Service Reserve Insurance Policy to fund the Series 2016 A Bonds Reserve Account are attached hereto as Exhibit B and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2016 A Bonds.]

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

WITNESS my signature the day and year first written above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

SCHEDULE 1 – CERTIFICATE OF DETERMINATIONS

SERIES 2016 A BOND TERMS

Bond No.	Maturity Date (__ 1)	Principal Amount	Interest Rate	Price or Yield

SCHEDULE 2 – CERTIFICATE OF DETERMINATIONS

REDEMPTION PROVISIONS:

SERIES 2016 A BONDS

[to be inserted after pricing]

EXHIBIT A – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Commitment

[insert]

Provisions Relating to Municipal Bond Insurance

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". "Insurer" shall be defined as follows: "Assured Guaranty Municipal Corp. , a New York stock insurance company, or any successor thereto or assignee thereof".

(b) The prior written consent of the Insurer 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. Notwithstanding anything to the contrary set forth in the Series 2016 A Bond Ordinance or the Series 2016 A Supplemental Parameters Resolution (collectively, the "Bond Ordinance"), amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Bond Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Bond Ordinance and each Bond, the Paying Agent and each Bondholder appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer 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, supersedes or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Bondholder 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. Remedies granted to the Bondholders shall expressly include mandamus.

(d) If acceleration is permitted under the Bond Ordinance, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(f) The Insurer shall be included as a third party beneficiary to the Bond Ordinance.

(g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Bond Ordinance which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(h) Any amendment, supplement, modification to, or waiver of, the Bond Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(i) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(j) The rights granted to the Insurer under the Bond Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(k) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Bond Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Bond Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Bond Ordinance and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Bond Ordinance. The Bond Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(m) Each of the Issuer and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Bonds under applicable law.

(n) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Ordinance, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall give notice to the Insurer and to its designated agent (if any)

(the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Insurer, 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 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "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 (any change in such rate of interest 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 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. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Bonds and payable on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(o) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any

Insolvency Proceeding). Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(p) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Bond Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Bond Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Bond Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Ordinance or any other Related Document.

(q) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(r) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Bond Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(s) The notice address of the Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 974-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(t) The Insurer shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Bond Ordinance), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Issuer has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(u) The Insurer shall have the right to receive such additional information as it may reasonably request.

(v) The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(w) The Issuer shall notify the Insurer of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.

(x) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Bond Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(y) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Bond Ordinance would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(z) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(aa) If the Bonds are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge of the Paying Agent for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred.

EXHIBIT B – CERTIFICATE OF DETERMINATIONS

PROVISIONS RELATING TO MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

Municipal Bond Debt Service Reserve Insurance Commitment

[insert]

Provisions Relating to Municipal Bond Debt Service Reserve Insurance Policy

(a) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) 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 Bonds and (y) 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 national bank as AGM shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest 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 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM 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 AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document).

All cash and investments in the debt service reserve fund established for the Bonds (the "Reserve Fund") shall be transferred to the debt service fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (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 Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities 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.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, AGM 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 Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(c) The Authorizing Document shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(d) The Issuer shall include any Policy Costs then due and owing AGM in the calculation of the additional bonds test and the rate covenant in the Authorizing Document.

(e) The Authorizing Document shall require the Paying Agent to ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to AGM 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 Bonds. Where deposits are required to be made by the Issuer with the Paying Agent to the debt service fund for the Bonds more often than semi-annually, the Paying Agent shall be instructed to give notice to AGM of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

EXHIBIT C – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

TAX COMPLIANCE POLICY

THE CITY OF MORGANTOWN (WEST VIRGINIA)

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by The City of Morgantown, West Virginia (the *"Issuer"*), as the issuer, with these rules in connection with the issuance of the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "*Tax-Exempt Bonds*"). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

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

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

Expenditure of Proceeds for Governmental Costs

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

- Bond proceeds will be disbursed pursuant to the Bond Ordinance, and will be a written order of an Authorized Officer, stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property in conformity with the Tax and Non-Arbitrage Certificate executed by the Issuer at closing, including any certifications as to the character and average economic life of the bond-financed property.

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by The City. If

proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

- Requisitions will be in accordance with expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.

- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:

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

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

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

Expenditure of Proceeds

In addition to the general review of expenditures described above, expenditure of proceeds of the Tax-Exempt Bonds will be reviewed by the Oversight Officer.

- Reserve funds cannot exceed the least of 10% of bond proceeds, maximum annual debt service, or 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit.

- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other "working capital" costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.

- Investment earnings on sale proceeds of the Tax-Exempt Bonds will be tracked and will be requisitioned only for appropriate expenditures.

Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be reviewed by the Oversight Officer.

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.

- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property subject to the Bond Ordinance is bond-financed.

- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit, as set forth in the Tax and Non-Arbitrage Certificate.

- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a "remedial action" under the applicable Income Tax Regulations.

Investments and IRS Filings

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Oversight Officer.

- Guaranteed investment contracts ("*GIC*") will be purchased only using the three-bid "safe harbor" of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.

- Other investments will be purchased only in market transactions.

- Calculations of rebate liability will be performed annually by outside consultants.

- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.

- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

Management and retention of records related to tax-exempt bond issues will be supervised by the Oversight Officer.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.

- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, Bond Ordinance, Form 8038-G, and Tax and Non-Arbitrage Certificate) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.

- Retainable records pertaining to expenditures of bond proceeds include requisitions, accounting statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.

- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

Amendment

This Tax Compliance Policy may be amended and/or modified by the Mayor as required from time to time to ensure ongoing compliance by The City with requirements related to tax-exempt bonds, such as the Tax-Exempt Bonds. Such amendments and/or modifications shall not require any action by City Council.

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer, as designated by the Mayor.

THE CITY OF MORGANTOWN, WEST VIRGINIA

_____

By: Mayor
Date:

EXHIBIT D – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

CONTINUING DISCLOSURE POLICY

Previously Approved Continuing Disclosure Policy of The City of Morgantown

On File with the City

EXHIBIT E – SERIES 2016 A SUPPLEMENTAL PARAMETERS RESOLUTION

FORM OF PRELIMINARY OFFICIAL STATEMENT

See Attached

APPENDIX F

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December __, 2016, is executed and delivered by and among The City of Morgantown (the "City") and the Morgantown Utility Board ("MUB" 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 the services provided by DAC pursuant to this Disclosure Agreement 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 by the Disclosure Dissemination Agent 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 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.

"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)(11) 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 (if any), 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 the fiscal year of the Issuer for which such Annual Report is due, commencing with the fiscal year ending June 30, 2017. 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;" and

15. "Appointment of a successor or additional trustee (if any), or the change of name of a trustee (if any), if material;"

(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;"

10. "derivative or other similar transaction;" and

11. "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 (120/150 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 fiscal 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 provided in the Official Statement as summarized on Exhibit D – FORM OF OPERATING DATA.

(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; and

14. Appointment of a successor or additional trustee (if any) or the change of name of a trustee (if any), if material.

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, nor does the Issuer assume any ongoing responsibility, 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) 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.

[Remainder of page intentionally left blank.]

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:_____

THE CITY OF MORGANTOWN

By:_____
Name: Marti Shamberger
Title: Mayor

MORGANTOWN UTILITY BOARD

By:_____
Name: J.T. Straface
Title: Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	The City of Morgantown (West Virginia)
Obligated Person(s)	_____
Name of Bond Issue:	The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds Series 2016 A
Date of Issuance:	December __, 2016
Date of Official Statement	November __, 2016

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:	_____
CUSIP Number:	_____	CUSIP Number:	_____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	The City of Morgantown
Obligated Person:	_____
Name of Bond Issue:	The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds Series 2016 A
Date of Issuance:	December __, 2016
Date of Disclosure Agreement:	November __, 2016
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:

The City of Morgantown

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;" and
15._____"Appointment of a successor or additional trustee (if any), or the change of name of a trustee (if any), if material."

____ 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.
390 N. Orange Avenue
Suite 1750
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 December __, 2016 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

The City of Morgantown

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;"
10._____"derivative or other similar transaction;" and
11._____"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.
390 N. Orange Avenue
Suite 1750
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 December __, 2016 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

The City of Morgantown

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.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT D
FORM OF OPERATING DATA

The City of Morgantown

Combined Utility System Revenue Bonds, CUSIP: 61759 CA

OPERATING DATA FOR FISCAL YEAR ENDED JUNE 30, 2016

In compliance with the requirements of the Continuing Disclosure Agreements executed by The City of Morgantown (West Virginia) in conjunction with the bonds issued with the above-referenced CUSIP, the following Operating Data with respect to the Combined Utility System operated, maintained and managed by the Morgantown Utility Board ("MUB") is provided for the above-stated Fiscal Year:

MUB Combined Utility System Retail Customer History

The average number of retail customers for the Combined Utility System for each of the past 12 Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*	*Stormwater Customers*	*Stormwater Growth Percentage*
2004	21,434	–	15,041	–	–	–
2005	21,641	1.0%	15,468	2.8%	–	–
2006	22,400	3.5%	15,958	3.2%	–	–
2007	22,442	0.2%	16,547	3.7%	–	–
2008	22,930	2.2%	16,982	2.6%	14,026	–
2009	23,333	1.8%	17,488	3.0%	14,311	2.0%
2010	23,786	1.9%	18,105	3.5%	14,428	0.8%
2011	24,129	1.4%	18,747	3.5%	14,535	0.7%
2012	24,509	1.6%	19,063	1.7%	14,616	0.6%
2013	25,261	3.1%	19,752	3.6%	14,620	0.0%
2014	25,459	0.8%	20,495	3.8%	14,623	0.0%
2015	25,748	1.1%	21,827	6.5%	14,850	1.6%
2016	25,909	0.6%	22,124	1.4%	15,173	2.2%

MUB Water System – Customer Data

The following table sets forth the total potable water sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$1,612,454	$543,406	$271,161	$489,794	$733,334	$3,650,149
2005	$1,777,410	$607,448	$279,839	$573,558	$804,658	$4,042,913
2006	$2,081,586	$724,988	$288,567	$677,270	$891,085	$4,663,496
2007	$2,084,269	$784,141	$239,092	$658,889	$958,133	$4,724,524
2008	$2,103,110	$867,818	$252,077	$584,108	$957,550	$4,764,663
2009	$2,318,377	$929,036	$275,450	$549,397	$1,150,244	$5,222,504
2010	$2,343,293	$984,890	$265,091	$531,366	$1,197,923	$5,322,563
2011	$2,392,492	$1,033,362	$285,208	$518,649	$1,178,934	$5,408,645
2012	$3,223,346	$1,494,901	$455,788	$718,485	$1,733,959	$7,626,479
2013	$4,145,424	$2,103,342	$638,978	$989,990	$2,232,964	$10,110,698
2014	$4,095,556	$2,113,502	$672,972	$978,035	$2,324,122	$10,184,187
2015	$4,072,301	$1,955,425	$824,349	$916,151	$2,354,942	$10,123,168
2016	$4,035,841	$1,934,279	$800,615	$919,494	$2,275,727	$9,965,956

MUB Water System – Largest Customers

The following table sets forth the ten largest customers of the MUB Water System and related annual sales for the fiscal year ended June 30, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Cheat View PSD*	266,858	$678,045.14
2	Clinton Water Association*	250,998	$637,887.54
3	West Virginia University	130,619	$367,118.00
4	Mylan Pharmaceuticals	133,982	$348,007.30
5	Clay Battelle PSD*	123,838	$314,274.94
6	Addivant	100,127	$256,269.90
7	Pleasant Valley PSD*	85,350	$221,808.58
8	Star City Water System*	70,841	$184,411.39
9	WVU Hospitals	69,646	$181,244.53
10	Morgantown Energy Association	73,845	$174,654.80
	Totals	**1,306,104**	**$3,363,722.12**

*Resale Customer

The total Water System Gross Revenue for the fiscal year ended June 30, 2016 was $9,966,000. The ten largest water users represented 34% of the Water System Gross Revenue.

MUB Water System – Water Resale Customers

The following tables set forth information regarding MUB's Water Resale Customers for the most recent six fiscal years.

MUB Water Resale Customers – Annual Gallons Bulk Water Purchased from MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	266,858	252,158	243,707	245,167	253,678	274,725
Clinton Water Ass'n	250,998	260,134	262,033	245,336	246,707	242,779
Clay Battelle PSD	123,838	124,343	135,788	124,374	141,603	139,119
Pleasant Valley PSD	83,350	108,955	115,482	107,160	98,448	111,387
Town of Masontown	42,701	45,016	40,794	38,705	36,548	37,351
Town of Star City	70,841	77,925	78,984	87,600	87,840	77,566
River Road PSD	51,643	46,288	41,902	42,116	39,949	43,333
Total	**892,229**	**914,819**	**918,690**	**890,458**	**904,773**	**926,260**

MUB Water Resale Customers – Annual Bulk Water Purchases from MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	$678,045	$645,044	$619,372	$629,950	$466,255	$350,376
Clinton Water Ass'n	$637,888	$662,239	$667,767	$625,524	$626,695	$312,417
Clay Battelle PSD	$314,275	$315,531	$344,507	$314,785	$261,038	$178,404
Pleasant Valley PSD	$221,809	$299,439	$310,514	$298,866	$203,685	$145,842
Town of Masontown	$108,998	$113,725	$104,587	$99,030	$70,406	$48,090
Town of Star City	$184,411	$205,611	$203,983	$131,400	$118,954	$100,922

River Road PSD	$130,028	$118,073	$107,129	$107,518	$76,054	$55,799
Total	**$2,275,454**	**$2,359,662**	**$2,357,859**	**$2,207,499**	**$1,823,087**	**$1,191,850**

For the fiscal year ending June 30, 2016, sales of bulk water to the Water Resale Customers represented 22.83% of the Water System's Gross Revenue.

MUB Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$3,603,277	$1,286,963	$245,449	–	$469,122	$5,604,811
2005	$3,654,324	$1,405,427	$294,924	–	$506,834	$5,861,509
2006	$4,059,102	$1,610,572	$274,353	–	$526,789	$6,470,816
2007	$4,368,193	$1,626,967	$267,660	–	$555,105	$6,817,925
2008	$4,530,051	$1,473,390	$299,693	–	$629,086	$6,932,220
2009	$4,835,992	$1,317,109	$339,187	–	$712,505	$7,204,793
2010	$3,458,586	$1,903,921	$307,798	$1,274,932	$700,225	$7,645,462
2011	$3,531,058	$1,982,495	$313,247	$1,156,584	$785,867	$7,769,251
2012	$3,789,665	$2,243,995	$493,504	$1,307,667	$867,749	$8,702,580
2013	$4,242,666	$2,380,843	$426,778	$1,411,592	$861,492	$9,323,371
2014	$4,487,498	$2,447,661	$460,191	$1,401,645	$803,564	$9,600,559
2015	$5,079,237	$2,874,371	$454,779	$1,356,427	$712,508	$10,477,322
2016	$5,186,957	$3,008,484	$475,128	$1,365,651	$656,106	$10,692,326

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Mylan Pharmaceuticals	133,982	$540,411.03
2	West Virginia University	129,159	$527,079.68
3	City of Westover*	213,689	$320,534.00
4	WVU Hospitals	69,646	$278,971.33
5	Morgantown Energy Association	73,845	$192,792.52
6	RF Kennedy Youth Center	40,076	$160,779.20
7	Deckers Creek PSD*	103,074	$154,611.00
8	Town of Star City*	87,840	$131,760.00
9	Monongalia General Hospital	49,620	$74,905.20
10	Monongalia County Board of Education	18,228	$73,277.00
	Total	**919,159**	**$2,455,120.96**

* Resale Customer

The total Sewer System Gross Revenue for the fiscal year ended June 30, 2016 was $10,692,000. The ten largest sewer customers represented 23% of the Sewer System Gross Revenue.

MUB Sewer Resale Customers

The following tables set forth information regarding MUB's Sewer Resale Customers for the most recent six fiscal years.

MUB Sewer Resale Customers – Annual Gallons Wastewater Treated by MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	213,689	230,765	230,859	200,663	236,660	262,998
Deckers Creek PSD	103,074	103,994	115,570	151,686	166,708	172,927
Town of Star City	87,840	87,840	87,600	87,600	87,840	87,600
Town of Granville	32,801	42,636	46,912	35,323	53,313	39,002
Total	**437,404**	**465,235**	**480,941**	**475,272**	**544,521**	**562,527**

MUB Sewer Resale Customers – Annual Treatment Cost Billed by MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	$320,534	$346,148	$346,289	$331,995	$314,434	$318,228
Deckers Creek PSD	$154,611	$155,991	$173,356	$227,528	$223,149	$209,568
Town of Star City	$131,760	$131,400	$131,040	$131,400	$118,954	$105,996
Town of Granville	$49,201	$63,955	$70,368	$52,984	$73,110	$47,192
Total	**$656,106**	**$697,494**	**$721,053**	**$743,907**	**$729,647**	**$680,984**

For the fiscal year ended June 30, 2016, payments for sewage transmission and treatment to MUB from the MUB Sewer Resale Customers represented 6.13% of the Sewer System Gross Revenue.

MUB Stormwater System – Largest Customers

	Customer	*Impermeable Surface (in sq. ft.)*	*Revenue*
1	West Virginia University	10,023,286	$282,656.67
2	GP Management	1,848,992	$52,141.57
3	WVU Hospitals	1,563,272	$44,084.27
4	Board of Education	1,460,534	$41,187.06
5	RF Kennedy Youth Center	914,791	$25,797.11
6	Mylan Pharmaceuticals	876,712	$24,723.28
7	The City of Morgantown	872,167	$24,595.11
8	Wal-Mart Stores	772,999	$21,798.57
9	US Dept. Energy NETL	632,696	$17,842.03
10	Monongalia General Hospital	395,021	$11,139.59
	Total	**19,360,470**	**$545,695.25**

The total stormwater operating revenue for the fiscal year ended June 30, 2016 was $1,891,000. The ten largest stormwater customers represented 29% of the Stormwater System Gross Revenue.

MUB Combined Utility System Historical and Projected Coverage

	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Operating Revenues	$21,454,380	$21,978,283	$22,842,087	$22,935,561	$33,789,995	$34,248,901	$34,541,342	$34,806,113
Other Operating Revenues	636,572	488,258	470,265	445,763	423,802	425,177	425,177	425,177

Total Operating Revenues	**$22,090,952**	**$22,466,541**	**$23,312,352**	**$23,381,324**	**$34,213,797**	**$34,674,078**	**$34,966,519**	**$35,231,290**
Total O & M Expense	12,538,608	13,338,657	13,768,514	15,523,128	16,073,068	16,798,372	18,042,493	18,872,882
Depreciation Expense	5,593,277	8,050,420	8,398,878	8,692,352	9,142,447	9,341,447	9,959,944	12,357,773
Operating Income	**$3,959,067**	**$1,077,464**	**$1,144,960**	**-$834,157**	**$8,998,282**	**$8,534,259**	**$6,964,082**	**$4,000,635**
Non-Operating Income	665,919	1,072,566	-128,103	1,001,638	941,384	941,384	941,384	941,384
Available for Debt Service	**$10,218,263**	**$10,200,450**	**$9,415,735**	**$8,859,834**	**$16,882,113**	**$18,817,090**	**$17,865,410**	**$17,299,792**
Debt Service Requirement	$6,953,390	$6,990,740	$7,230,075	$7,300,490	$9,134,384	$14,090,231	$14,084,901	$14,073,554
Coverage	**1.47x**	**1.46x**	**1.30x**	**1.21x**	**1.85x**	**1.34x**	**1.27x**	**1.23x**

* Projected

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APPENDIX G

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") 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.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately $3,891 million and its net unearned premium reserve was approximately $1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned

subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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APPENDIX H



MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this 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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

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ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

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APPENDIX I

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: Policy No.:

BONDS: Effective Date:

Premium: $

Termination Date:

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, 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.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance 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 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 (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond 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 AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

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 are, or the Insurer's Fiscal Agent is, 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 AGM 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

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stated date for payment of interest. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

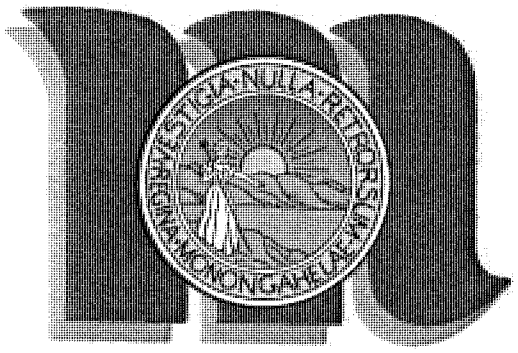
ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 501 NY (6/90)

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THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2016 A

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself, Citigroup Capital Markets Inc. and Crews & Associates, Inc., (collectively, the "Underwriters"), that she is the Mayor of The City of Morgantown (the "Issuer"), authorized to execute and deliver this Certificate and further certifies on behalf of the Morgantown Utility Board ("MUB") to the Underwriters as follows:

(1) This Certificate is delivered to enable the Underwriters to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of Combined Utility System Revenue Bonds, Series 2016 A (the "Series 2016 A Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated November 3, 2016, setting forth information concerning the Series 2016 A Bonds, the Combined Utility System, the Issuer and MUB, all as defined therein (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, and other terms of the Series 2016 A Bonds, all with respect to the Series 2016 A Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, MUB shall promptly notify the Underwriters thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement MUB expects to make for the benefit of the Bondholders in the Disclosure Dissemination Agent Agreement, by and between MUB and Digital Assurance Certification L.L.C., as dissemination agent (the "Disclosure Agreement"), by which MUB will undertake to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 1st day of December 2016.

THE CITY OF MORGANTOWN

By: _____

Its: Mayor

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2016 A

BOND PURCHASE AGREEMENT

November 15, 2016

The City of Morgantown
389 Spruce Street, 3rd Floor
Morgantown, WV 26505

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of itself and as representative (the "Representative") of Citigroup Global Markets Inc. and Crews & Associates, Inc. (collectively, with the Representative, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with The City of Morgantown, a political subdivision and municipal corporation duly organized and validly existing under and pursuant to the laws of the State of West Virginia (the "Issuer"), whereby the Underwriters will purchase and the Issuer will sell the Bonds (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., prevailing Eastern Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Mayor of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Authorizing Ordinance (as defined below).

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following bonds: The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds"), at the purchase price of $74,360,351.88, representing the principal amount of the Bonds less an Underwriter's discount of $277,937.12 plus net original issue premium of $4,883,289.00.

The Issuer acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; and (iv) the Issuer has consulted its own financial and/or

municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Description and Purpose of the Bonds. The Bonds have been authorized pursuant to Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a bond ordinance, enacted by the City Council of the Issuer on February 2, 2016 (the "Ordinance"), as supplemented by a supplemental parameters resolution adopted by the City Council on November 1, 2016 (the "Supplemental Parameters Resolution"), and a Certificate of Determinations executed by the Mayor on November 15, 2016 (the "Certificate of Determinations" and together with the Ordinance and the Supplemental Parameters Resolution, collectively the "Authorizing Ordinance"). The Bonds shall be dated the date of delivery.

(a) The proceeds of the sale of the Bonds will be used to provide funds, along with the proceeds of the Series 2016 B Bonds (herein defined) and available funds of the Combined Utility System (herein defined): (i) to design, acquire, construct and equip certain additions, betterments and improvements to the sanitary sewerage treatment and collection portion of the Issuer's existing combined potable water, sanitary sewer and stormwater utility system (collectively, the "Project"); (ii) to fund the Series 2016 A Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the "Series 2016 A Reserve Policy") from Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer"); (iii) to pay the premium for a municipal bond insurance policy (the "Series 2016 A Insurance Policy") from AGM to secure the payment of the principal of, and interest on, the Bonds; and (iv) to pay costs of issuance of the Bonds and related costs. Simultaneously with the issuance of the Bonds, the Issuer intends to issue The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2016 B-1 and Series 2016 B-2 (collectively, the "Series 2016 B Bonds") which will be sold to the West Virginia Water Development Authority through the Clean Water State Revolving Loan Fund.

The Bonds are special obligations of the Issuer payable solely from and secured by the Gross Revenues as defined in the Authorizing Ordinance derived from the combined potable water, sanitary sewer and stormwater utility system of the Issuer, which is managed, operated and maintained by the Morgantown Utility Board (the "Utility Board"), and any extensions, improvements and betterments thereto, specifically including, but not limited to, the Project (collectively, the "Combined Utility System"), on a parity with the Series 2016 B Bonds and the Prior Bonds (defined in the Authorizing Ordinance), and any Additional Parity Bonds (defined in the Authorizing Ordinance) that may be issued by the Issuer, and from funds on deposit in the Series 2016 A Bonds Sinking Fund, the Series 2016 A Reserve Policy pledged to the Series 2016 A Bonds Reserve Account, and the unexpended proceeds of the Bonds.

The Bonds will be secured under the provisions of the Act and the Authorizing Ordinance. The Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in Schedule I attached hereto. The Authorized Denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Bonds shall be as described in the Certificate of Determinations and the Official Statement (as defined below) of the Issuer.

3. Public Offering. The Underwriters agree to make a *bona fide* public offering of the Bonds at a price not in excess of the initial offering price or prices or yields not less than the yields set forth on the inside cover page of the printed paper form of the Official Statement of the

Issuer; *provided, however*, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Bonds, and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters, at prices lower than the public offering prices or yields greater than the yields set forth therein. The Representative shall provide to the Issuer a certificate setting forth the offering prices of the Bonds in substantially the form set forth on Exhibit A.

4. Delivery of the Official Statement and Other Documents.

(a) The Issuer has delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated November 3, 2016, which, together with the cover page and appendices thereto, is herein referred to as the "Preliminary Official Statement." It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. For purposes of this Purchase Agreement, the printed paper form of the Preliminary Official Statement and the Official Statement are deemed controlling. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriters a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Bond Counsel, Disclosure Counsel and the Representative, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board ("MSRB") and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The Issuer shall execute the Official Statement by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Underwriters hereby agree to cooperate and assist in the preparation of the Official Statement. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC"). The Issuer hereby ratifies, confirms and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use the Official Statement and the Authorizing Ordinance in connection with the public offering and sale of the Bonds.

(c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Disclosure Dissemination Agent Agreement, dated as of December 1, 2016 (the "Disclosure Agreement"), by and among the Issuer, the Utility Board and Digital Assurance Certificate, L.L.C., ("DAC"), as dissemination agent for the Issuer (the "Dissemination Agent"), to provide annual financial information and notices of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as Appendix F to, the Preliminary Official Statement and the Official Statement.

5. Representations. A. The Issuer represents to and agrees and covenants with the Underwriters that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriters pursuant to the Authorizing Ordinance, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Bonds, and the Disclosure Agreement and (collectively, including the Authorizing Ordinance, the "Legal Documents") and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Authorizing Ordinance approving and authorizing the execution and delivery by the Issuer of the Legal Documents was duly enacted and adopted at meetings of the City Council of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Authorizing Ordinance and the Bonds conform to the descriptions thereof contained in the Official Statement and the Bonds, when duly issued and authenticated in accordance with the Authorizing Ordinance and delivered to the Underwriters as provided herein, will be validly issued and outstanding special obligations of the Issuer, entitled to the benefits of the Authorizing Ordinance and payable from the sources therein specified.

(d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. To the best knowledge of the Issuer, each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) Except as described in the Official Statement, the Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the enactment of the Authorizing Ordinance, the issuance, delivery and sale of the Bonds and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect

conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Combined Utility System or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Ordinance and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; *provided*, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(h) Between the date hereof and the time of the Closing, the Issuer shall not, except for the Series 2016 B Bonds, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, with respect to the Combined Utility System except in the course of normal business operations of the Combined Utility System or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the caption "UNDERWRITING" and "APPENDIX C – BOOK ENTRY ONLY SYSTEM as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom the information under the caption "UNDERWRITING" and "APPENDIX C – BOOK ENTRY ONLY SYSTEM" as to which no representations or warranties are made) up to and including the Closing Date, will be true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the time of the Closing, the Official Statement as so supplemented or amended will be true and correct in all material respects 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.

(l) If between the date hereof and the time of Closing, 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 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, the Issuer shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(m) Except as described in the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer, (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Authorizing Ordinance or the Act or any provision thereof or the application of the proceeds of the Bonds or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

(n) Except as disclosed in the Official Statement, during the last five years the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

B. The Utility Board represents to and agrees and covenants with the Underwriters that:

(a) The financial statements of the Utility Board as of June 30, 2016 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Combined Utility System as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Combined Utility System or in its operations since June 30, 2016 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(b) Any certificates executed by any officer of the Utility Board and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Utility Board as to the accuracy of the statements therein made.

All representations, warranties and agreements of the Issuer and the Utility Board shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

6. Closing. At 10:00 A.M., Eastern Time, on December 1, 2016, or at such other time or date as the Representative and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriters, at the offices of Steptoe & Johnson PLLC ("Bond Counsel"), Chase Tower, 17th Floor, 707 Virginia Street, East, Charleston, WV 25301, or at such other place as the Representative and the Issuer may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 7. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Depository Bank for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Bonds to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Bonds shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.

7. Conditions Precedent. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, the Official Statement, the Authorizing Ordinance and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.

(iii) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Ordinance, the Legal Documents and the Official Statement to be performed at or prior to the Closing.

(iv) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(v) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(vi) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Ordinance, the Legal Documents or the Gross Revenues of the Combined Utility System as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Bonds.

(vii) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

(1) The approving opinion of Bond Counsel relating to the Bonds, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriters;

(2) The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of West Virginia;

(B) The statements contained in the Official Statement on the cover page and in the sections entitled "INTRODUCTION," "PURPOSE AND PLAN OF FINANCING," "THE SERIES 2016 A BONDS," and "SECURITY FOR THE SERIES 2016 A BONDS," insofar as such statements expressly summarize certain provisions of the Authorizing Ordinance, the Bonds, and the form and content of the approving opinion of Bond Counsel attached as Appendix D to the Official Statement, are accurate in all material respects;

(C) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and

(D) The Series 2016 A Reserve Policy is in full force and effect;

(3) The opinion of Steptoe & Johnson PLLC, Disclosure Counsel, dated the date of closing and addressed to the Underwriters, to the effect that:

(A) The Disclosure Agreement in all material respects satisfies Section (b)(5)(i) of Rule 15c2-12;

(B) Based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Official Statement as of its date and as of the Closing Date (excluding therefrom any information in the Official Statement relating to DTC, the operation of the book-entry system or any other financial or statistical data or projections or estimates or expressions of opinion included in the Official Statement and the appendices thereto, as to which no opinion need be expressed) contains an 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 in any material respect;

(4) The opinion of Ryan Simonton, Esquire, Counsel to the Issuer, dated the date of the Closing and addressed to the Underwriters, to the effect that:

(A) The Issuer has been duly organized and is validly existing under the Constitution and laws of the State of West Virginia, and has all requisite power and authority thereunder: (a) to enact the Authorizing Ordinance, and to enter into, execute, deliver and perform its covenants and agreements under the Legal Documents; (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement; (c) to issue, sell, execute and deliver the Bonds; (d) to pledge the Gross Revenues as contemplated by the Legal Documents; and (e) to carry on its activities as currently conducted;

(B) The Issuer has taken all actions required to be taken by it before the Closing Date material to the transactions contemplated by the documents mentioned in paragraph (a) above, and the Issuer has duly authorized the execution and delivery of, and the due performance of its obligations under, the Legal Documents;

(C) The Authorizing Ordinance was duly enacted by the City Council of the Issuer at meetings of the City Council of the Issuer which were called and held pursuant to law and with all required notices and in accordance with all applicable open meetings laws and at which a quorum was present and acting at the time of the adoption of the Authorizing Ordinance;

(D) The adoption of the Authorizing Ordinance, the execution and delivery by the Issuer of the Legal Documents and the compliance with the provisions of the Legal Documents do not and will not conflict with or violate in any material respect any West Virginia constitutional, statutory or regulatory provision or, to the best of such counsel's knowledge after due inquiry, conflict with or

constitute on the part of the Issuer a material breach of or default under any agreement or instrument to which the Issuer is a party or by which it is bound;

(E) The Legal Documents constitute legal, valid and binding obligations of the Issuer and are enforceable according to the terms thereof, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally, and by the application of equitable principles if equitable remedies are sought, by the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(F) No litigation is pending or, to the best of such counsel's knowledge after due inquiry, threatened against the Issuer in any court in any way affecting the titles of the officials of the Issuer to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Ordinance or the Legal Documents, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Issuer or its authority with respect to the Authorizing Ordinance or the Legal Documents;

(G) The information contained in the Official Statement under the captions "THE ISSUER AND THE MORGANTOWN UTILITY BOARD," "LITIGATION" and "CONTINUING DISCLOSURE" does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(H) To the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the Issuer of the Legal Documents and the authorization and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion need be expressed as to any action required under state securities or Blue Sky laws in connection with the purchase of the Bonds by the Underwriters); and

(I) To the best of such counsel's knowledge after due inquiry, the Issuer is not in breach of or default under any applicable law or administrative regulation of the State of West Virginia or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the

Issuer is a party or is otherwise subject, which breach or default would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the Issuer's ability to enter into or perform its obligations under the Legal Documents;

(5) The opinion of Timothy Stranko, Esquire, counsel to the Utility Board, dated the date of Closing and addressed to the Underwriters, to the effect:

(A) No litigation is pending, or to his knowledge, threatened in any court in any way affecting the existence of the Utility Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Combined Utility System pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or the construction of the Project, or any transaction described in or contemplated by the Official Statement;

(B) That the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the Utility Board and/or the Combined Utility System of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Utility Board, in light of the circumstances under which they were made, not misleading;

(C) The statements contained in the Official Statement under the captions "PURPOSE AND PLAN OF FINANCING," "THE ISSUER AND THE MORGANTOWN UTILITY BOARD," "MUB PENSION OBLIGATIONS," "THE COMBINED UTILITY SYSTEM," "MUB CAPITAL IMPROVEMENT PROGRAM," "STATE REGULATION, RATES, BILLING AND COLLECTION PROCEDURES," "LITIGATION," "LEGAL MATTERS" and "CONTINUING DISCLOSURE," insofar as such statements contained under such captions relate to the Utility Board and/or the Combined Utility System, or purport to summarize certain matters set forth therein, are accurate and present a fair summary of the matters referred to therein; and

(D) Any requirement as to legal matters as the Underwriters shall reasonably require.

(6) The opinion of Jackson Kelly PLLC, counsel to the Underwriters, dated the date of the Closing and addressed to the Underwriters, and covering such matters as the Representative may reasonably request;

(7) A certificate, dated the Closing Date, signed by the Mayor and/or City Manager of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (b) the Legal Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Official Statement, no litigation is pending or, to the Mayor's knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Authorizing Ordinance or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Official Statement or any or all of the Legal Documents; and (d) the Official Statement is true and correct in all material respects and does 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;

(8) A certificate, dated the Closing Date, signed by the Chairman of the Utility Board, in form and substance satisfactory to the Underwriters, to the effect that (a) the financial statements of the Utility Board as of June 30, 2016 fairly represent the receipts, expenditures, assets, liabilities and cash balances of the Combined Utility System and, insofar as presented, other funds of the Combined Utility System as of the dates and for the periods therein set forth; (b) except as disclosed in the Official Statement, since June 30, 2016, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Combined Utility System and the Combined Utility System has not incurred since June 30, 2016, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; (c) the representations and agreements of the Utility Board contained herein are true and correct in all material respects as of the date of the Closing; (d) except as described in the Official Statement, no litigation is pending or, to the Chairman's knowledge, threatened (i) seeking to restrain or enjoin the Project, (ii) in any way contesting the creation, existence or powers of the Utility Board or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Bonds, or (iii) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Utility Board or the Combined Utility System or the transactions contemplated by the Official Statement or any or all of the Legal Documents; and (e) the Official Statement is true and correct in all material respects and does 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;

(9) Executed or certified copies of the Authorizing Ordinance;

(10) Executed or certified copies of each of the other Legal Documents;

(11) A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Representative;

(12) Evidence satisfactory to the Representatives of the assignment of long-term ratings assigned to the Bonds by S&P Global Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P") and Moody's Investor Service, Inc. ("Moody's");

(13) A certificate from Perry and Associates, Certified Public Accountants, A.C., that the Issuer has Gross Revenues sufficient to meet the rate coverage requirements of the Ordinance and meet the additional parity bonds test of each of the Prior Ordinances (as defined in the Authorizing Ordinance);

(14) Evidence that a Form 8038-G relating to the Bonds has been executed by the Issuer and will be filed with the Internal Revenue Service (the "IRS") within the applicable time limit:

(15) A copy of the Blue Sky Survey with respect to the Bonds;

(16) A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company; and

(17) Executed copies of the Disclosure Agreement, in form and substance satisfactory to the Underwriters and Underwriters' Counsel;

(18) Evidence that the Issuer has adopted a formal post issuance compliance policy sufficient to allow the Issuer to check boxes 43 and 44 on Form 8038-G;

(19) The Series 2016 A Reserve Policy;

(20) The Series 2016 A Insurance Policy; and

(21) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Parity Bonds pursuant to the Prior Ordinances shall have been fulfilled.

8. Termination. If the Issuer shall be unable to satisfy the conditions of the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all

conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(1) An amendment to the Constitution of the United States or the State of West Virginia shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of West Virginia or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of West Virginia authority, with respect to federal or State of West Virginia taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of West Virginia legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency

or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or West Virginia authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Ordinance is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Act, the Authorizing Ordinance, the Legal Documents or the Gross Revenues as the foregoing matters are described in the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, 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 any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Ordinance, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or

(viii) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Bonds: the long-term ratings assigned by S&P and Moody's.

9. Amendments to Official Statement. During the period commencing on the Closing Date and ending twenty-five (25) days from the end of the underwriting period, the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If any such event occurs and in the reasonable judgment of the Representative and the Issuer, an amendment or supplement to the Official Statement is appropriate, the Issuer shall, at its expense, forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain any 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 or "potential customer," not misleading.

10. Expenses. All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including the costs of printing or reproduction of the Bonds, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees of the Dissemination Agent and fees and expenses of the municipal advisor, fees and expenses of counsel to the Issuer, the Utility Board, Disclosure Counsel and Bond Counsel, shall be paid by the Issuer from the proceeds of the Bonds or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Issuer's employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of counsel to the Underwriters, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter's discount).

11. Use of Documents. The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

12. Qualification of Securities. The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Bonds for offer and sale under the Blue

Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

13. Notices. Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to Attention: City Manager, 389 Spruce Street, 3rd Floor, Morgantown, WV 26505, and copied to Morgantown Utility Board, Attention: General Manager, 278 Greenbag Road, Morgantown, WV 26501, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Attention: Underwriting, One Bryant Park, 12th Floor, New York, NY 10036.

14. Benefit. This Purchase Agreement is made solely for the benefit of the Issuer , the Utility Board and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 8.

15. Attorneys' Fees. In the event of a dispute arising under this Purchase Agreement, the prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Purchase Agreement provided, however, the obligation of the Issuer and/or Utility Board to pay the reasonable costs and necessary disbursements and attorneys' fees of any other party to this Purchase Agreement shall be governed, and may be limited by, the laws of the State of West Virginia.

16. Governing Law. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS SECTION 5-1401 AND 5-1402); PROVIDED, HOWEVER, THAT THE OBLIGATIONS OF THE ISSUER AND THE UTILITY BOARD SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WEST VIRGINIA.

17. Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

Very truly yours,

By:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
as Representative

By: _____

Its: Managing Director

Approved and Agreed to: November __ 2016

Time: _____

THE CITY OF MORGANTOWN (WEST VIRGINIA)

By:_____

Its: Mayor

As to the representations, covenants and acceptance of certain obligations under this Agreement on behalf of the Utility Board:

MORGANTOWN UTILITY BOARD

By: _____

Its: Chairman

Very truly yours,

By:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
as Representative

By:_____

Its: _____

Approved and Agreed to: November __ 2016

Time: _____

THE CITY OF MORGANTOWN (WEST VIRGINIA)

By: Marti Shamberger

Its: Mayor

As to the representations, covenants and acceptance of certain obligations under this Agreement on behalf of the Utility Board:

MORGANTOWN UTILITY BOARD

By: _____

Authorized Representative

SCHEDULE I

Principal Amounts, Interest Rates and Prices

$35,845,000 Series 2016 A Serial Bonds

Maturity Date	Amount	Rate	Yield	Price
12/1/2017	1,140,000	3.000%	1.070%	101.914
12/1/2018	1,180,000	4.000%	1.280%	105.354
12/1/2019	1,225,000	4.000%	1.470%	107.398
12/1/2020	1,285,000	5.000%	1.660%	112.874
12/1/2021	1,350,000	5.000%	1.860%	114.925
12/1/2022	1,420,000	5.000%	2.040%	116.636
12/1/2023	1,490,000	5.000%	2.290%	117.435
12/1/2024	1,565,000	5.000%	2.510%	117.945
12/1/2025	1,650,000	5.000%	2.710%	118.180
12/1/2026	1,730,000	5.000%	2.810%	118.976
12/1/2027	1,820,000	5.000%	2.920%	117.925
12/1/2028	1,895,000	3.000%	3.230%	97.726
12/1/2029	1,960,000	4.000%	3.310%	105.833
12/1/2030	2,040,000	4.000%	3.420%	104.877
12/1/2031	2,125,000	4.000%	3.540%	103.845
12/1/2032	2,210,000	4.000%	3.660%	102.825
12/1/2033	2,300,000	4.000%	3.710%	102.404
12/1/2034	2,390,000	3.625%	3.840%	97.224
12/1/2035	2,485,000	4.000%	3.800%	101.651
12/1/2036	2,585,000	4.000%	3.830%	101.401

$14,990,000 5.000% Term Bond Maturing December 1, 2041 at 3.630% Yield

$12,600,000 4.000% Term Bond Maturing December 1, 2046 at 4.080% Yield

$6,320,000 5.000% Term Bond Maturing December 1, 2046 at 3.680% Yield

Optional and Mandatory Redemption

Optional Redemption

The Series 2016 A Bonds are subject to redemption at par or at a redemption price of 100%, at the option of the Issuer on or after December 1, 2026, 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 Term Bonds due December 1, 2041 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2037	$2,705,000
2038	$2,845,000
2039	$2,990,000
2040	$3,145,000
2041*	$3,305,000

* Final Maturity

The 4.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$2,220,000
2043	$2,360,000
2044	$2,515,000
2045	$2,670,000
2046*	$2,835,000

* Final Maturity

The 5.000% Term Bonds due December 1, 2046 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 December 1 of the following years in the following amounts:

Year	Principal Amount
2042	$1,245,000
2043	$1,255,000
2044	$1,260,000
2045	$1,275,000
2046*	$1,285,000

* Final Maturity

EXHIBIT A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

This Certificate is furnished by Merrill Lynch, Pierce, Fenner & Smith Incorporated as representative of the underwriters (the "Underwriters") in connection with the sale and issuance by The City of Morgantown, West Virginia (the "Issuer") of its $_____ aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds") issued December 1, 2016, and the Underwriters hereby certify and represent the following, based upon information available to us:

1. Based on our assessment of the then prevailing market conditions, the Underwriters reasonably expected when they agreed to purchase the Bonds (the "Sale Date") that the first prices at which at least 10% of each maturity of the Bonds would be sold by the Underwriters to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the "Public") would be prices not higher than or, in the case of obligations sold on a yield basis, at yields not lower than, those listed for each maturity on Schedule A hereto (the "Initial Offering Prices").

2. All of the Bonds have actually been offered to the Public in a bona fide public offering at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, the Initial Offering Prices.

3. The first price, or yield in the case of obligations sold on a yield basis, at which ten percent (10%) of each maturity of the Bonds has been sold to the Public was at a price not higher than, or, in the case of obligations sold on a yield basis, at a yield not lower than, the Initial Offering Prices [except for the Bonds with the following maturities:].

4. The Underwriters had no reason to believe that any of the Initial Offering Prices of the Bonds exceeded the expected fair market value of the Bonds as of the Sale Date.

We understand 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 by Steptoe & Johnson PLLC, in connection with rendering its opinion to the Issuer that the interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Representative of the Underwriters

By: _____

_____

[NAME]

_____

[TITLE]

Dated: _____

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of December 1, 2016, is executed and delivered by and among The City of Morgantown (the "City"), the Morgantown Utility Board ("MUB" 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 the services provided by DAC pursuant to this Disclosure Agreement 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 by the Disclosure Dissemination Agent 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 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.

"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)(11) 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 (if any), 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 the fiscal year of the Issuer for which such Annual Report is due, commencing with the fiscal year ending June 30, 2017. 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;" and

15. "Appointment of a successor or additional trustee (if any), or the change of name of a trustee (if any), if material;"

(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;"

10. "derivative or other similar transaction;" and

11. "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 (120/150 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 fiscal 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 provided in the Official Statement as summarized on Exhibit D – FORM OF OPERATING DATA.

(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; and

14. Appointment of a successor or additional trustee (if any) or the change of name of a trustee (if any), if material.

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, nor does the Issuer assume any ongoing responsibility, 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) 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.

[Remainder of page intentionally left blank.]

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: Client Service Manager Director

THE CITY OF MORGANTOWN

By: _____
Name: Marti Shamberger
Title: Mayor

MORGANTOWN UTILITY BOARD

By: _____
Name: J.T. Straface
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:_____

THE CITY OF MORGANTOWN

By:_____
Name: Marti Shamberger
Title: Mayor

MORGANTOWN UTILITY BOARD

By:_____
Name: J.T. Straface
Title: Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF SERIES 2016 A BONDS

Name of Issuer	The City of Morgantown (West Virginia)
Obligated Person(s)	
Name of Bond Issue:	The City of Morgantown Combined Utility System Revenue Bonds, Series 2016 A
Date of Issuance:	December 1, 2016
Date of Official Statement	November 15, 2016

CUSIP Number:	61759C BD9
CUSIP Number:	61759C BE7
CUSIP Number:	61759C BF4
CUSIP Number:	61759C BG2
CUSIP Number:	61759C BH0
CUSIP Number:	61759C BJ6
CUSIP Number:	61759C BK3
CUSIP Number:	61759C BL1
CUSIP Number:	61759C BM9
CUSIP Number:	61759C BN7
CUSIP Number:	61759C BP2
CUSIP Number:	61759C BR8
CUSIP Number:	61759C BQ0
CUSIP Number:	61759C BS6
CUSIP Number:	61759C BT4
CUSIP Number:	61759C BU1
CUSIP Number:	61759C BV9
CUSIP Number:	61759C BW7
CUSIP Number:	61759C BX5
CUSIP Number:	61759C BY3
CUSIP Number:	61759C BZ0
CUSIP Number:	61759C CA4
CUSIP Number:	61759C CB2

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	The City of Morgantown
Obligated Person:	_____
Name of Bond Issue:	The City of Morgantown Combined Utility System Revenue Bonds Series 2016 A
Date of Issuance:	December 1, 2016
Date of Disclosure Agreement:	December 1, 2016
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:

The City of Morgantown

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;" and
15._____"Appointment of a successor or additional trustee (if any), or the change of name of a trustee (if any), if material."

____ 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.
390 N. Orange Avenue
Suite 1750
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 December __, 2016 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

The City of Morgantown

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;"
10._____"derivative or other similar transaction;" and
11._____"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.
390 N. Orange Avenue
Suite 1750
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 December __, 2016 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

The City of Morgantown

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.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT D
FORM OF OPERATING DATA

The City of Morgantown

Combined Utility System Revenue Bonds, CUSIP: 61759 CA

OPERATING DATA FOR FISCAL YEAR ENDED JUNE 30, 2016

In compliance with the requirements of the Continuing Disclosure Agreements executed by The City of Morgantown (West Virginia) in conjunction with the bonds issued with the above-referenced CUSIP, the following Operating Data with respect to the Combined Utility System operated, maintained and managed by the Morgantown Utility Board ("MUB") is provided for the above-stated Fiscal Year:

MUB Combined Utility System Retail Customer History

The average number of retail customers for the Combined Utility System for each of the past 12 Fiscal Years are as follows:

Fiscal Year (ended June 30)	*Water Customers*	*Water Growth Percentage*	*Sewer Customers*	*Sewer Growth Percentage*	*Stormwater Customers*	*Stormwater Growth Percentage*
2004	21,434	–	15,041	–	–	–
2005	21,641	1.0%	15,468	2.8%	–	–
2006	22,400	3.5%	15,958	3.2%	–	–
2007	22,442	0.2%	16,547	3.7%	–	–
2008	22,930	2.2%	16,982	2.6%	14,026	–
2009	23,333	1.8%	17,488	3.0%	14,311	2.0%
2010	23,786	1.9%	18,105	3.5%	14,428	0.8%
2011	24,129	1.4%	18,747	3.5%	14,535	0.7%
2012	24,509	1.6%	19,063	1.7%	14,616	0.6%
2013	25,261	3.1%	19,752	3.6%	14,620	0.0%
2014	25,459	0.8%	20,495	3.8%	14,623	0.0%
2015	25,748	1.1%	21,827	6.5%	14,850	1.6%
2016	25,909	0.6%	22,124	1.4%	15,173	2.2%

MUB Water System – Customer Data

The following table sets forth the total potable water sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$1,612,454	$543,406	$271,161	$489,794	$733,334	$3,650,149
2005	$1,777,410	$607,448	$279,839	$573,558	$804,658	$4,042,913
2006	$2,081,586	$724,988	$288,567	$677,270	$891,085	$4,663,496
2007	$2,084,269	$784,141	$239,092	$658,889	$958,133	$4,724,524
2008	$2,103,110	$867,818	$252,077	$584,108	$957,550	$4,764,663
2009	$2,318,377	$929,036	$275,450	$549,397	$1,150,244	$5,222,504
2010	$2,343,293	$984,890	$265,091	$531,366	$1,197,923	$5,322,563
2011	$2,392,492	$1,033,362	$285,208	$518,649	$1,178,934	$5,408,645
2012	$3,223,346	$1,494,901	$455,788	$718,485	$1,733,959	$7,626,479
2013	$4,145,424	$2,103,342	$638,978	$989,990	$2,232,964	$10,110,698
2014	$4,095,556	$2,113,502	$672,972	$978,035	$2,324,122	$10,184,187
2015	$4,072,301	$1,955,425	$824,349	$916,151	$2,354,942	$10,123,168

2016	$4,035,841	$1,934,279	$800,615	$919,494	$2,275,727	$9,965,956

MUB Water System – Largest Customers

The following table sets forth the ten largest customers of the MUB Water System and related annual sales for the fiscal year ended June 30, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Cheat View PSD*	266,858	$678,045.14
2	Clinton Water Association*	250,998	$637,887.54
3	West Virginia University	130,619	$367,118.00
4	Mylan Pharmaceuticals	133,982	$348,007.30
5	Clay Battelle PSD*	123,838	$314,274.94
6	Addivant	100,127	$256,269.90
7	Pleasant Valley PSD*	85,350	$221,808.58
8	Star City Water System*	70,841	$184,411.39
9	WVU Hospitals	69,646	$181,244.53
10	Morgantown Energy Association	73,845	$174,654.80
	Totals	**1,306,104**	**$3,363,722.12**

*Resale Customer

The total Water System Gross Revenue for the fiscal year ended June 30, 2016 was $9,966,000. The ten largest water users represented 34% of the Water System Gross Revenue.

MUB Water System – Water Resale Customers

The following tables set forth information regarding MUB's Water Resale Customers for the most recent six fiscal years.

MUB Water Resale Customers – Annual Gallons Bulk Water Purchased from MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	266,858	252,158	243,707	245,167	253,678	274,725
Clinton Water Ass'n	250,998	260,134	262,033	245,336	246,707	242,779
Clay Battelle PSD	123,838	124,343	135,788	124,374	141,603	139,119
Pleasant Valley PSD	83,350	108,955	115,482	107,160	98,448	111,387
Town of Masontown	42,701	45,016	40,794	38,705	36,548	37,351
Town of Star City	70,841	77,925	78,984	87,600	87,840	77,566
River Road PSD	51,643	46,288	41,902	42,116	39,949	43,333
Total	**892,229**	**914,819**	**918,690**	**890,458**	**904,773**	**926,260**

MUB Water Resale Customers – Annual Bulk Water Purchases from MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
Cheat View PSD	$678,045	$645,044	$619,372	$629,950	$466,255	$350,376
Clinton Water Ass'n	$637,888	$662,239	$667,767	$625,524	$626,695	$312,417
Clay Battelle PSD	$314,275	$315,531	$344,507	$314,785	$261,038	$178,404
Pleasant Valley PSD	$221,809	$299,439	$310,514	$298,866	$203,685	$145,842

Town of Masontown	$108,998	$113,725	$104,587	$99,030	$70,406	$48,090
Town of Star City	$184,411	$205,611	$203,983	$131,400	$118,954	$100,922
River Road PSD	$130,028	$118,073	$107,129	$107,518	$76,054	$55,799
Total	**$2,275,454**	**$2,359,662**	**$2,357,859**	**$2,207,499**	**$1,823,087**	**$1,191,850**

For the fiscal year ending June 30, 2016, sales of bulk water to the Water Resale Customers represented 22.83% of the Water System's Gross Revenue.

MUB Sewer System – Customer Data

The following table sets forth the total sanitary sewer collection and treatment sales by MUB in each of the last twelve (12) fiscal years:

Fiscal Year (ended June 30)	*Residential*	*Commercial*	*Industrial*	*Public Authorities*	*Other/Resale*	*Total*
2004	$3,603,277	$1,286,963	$245,449	–	$469,122	$5,604,811
2005	$3,654,324	$1,405,427	$294,924	–	$506,834	$5,861,509
2006	$4,059,102	$1,610,572	$274,353	–	$526,789	$6,470,816
2007	$4,368,193	$1,626,967	$267,660	–	$555,105	$6,817,925
2008	$4,530,051	$1,473,390	$299,693	–	$629,086	$6,932,220
2009	$4,835,992	$1,317,109	$339,187	–	$712,505	$7,204,793
2010	$3,458,586	$1,903,921	$307,798	$1,274,932	$700,225	$7,645,462
2011	$3,531,058	$1,982,495	$313,247	$1,156,584	$785,867	$7,769,251
2012	$3,789,665	$2,243,995	$493,504	$1,307,667	$867,749	$8,702,580
2013	$4,242,666	$2,380,843	$426,778	$1,411,592	$861,492	$9,323,371
2014	$4,487,498	$2,447,661	$460,191	$1,401,645	$803,564	$9,600,559
2015	$5,079,237	$2,874,371	$454,779	$1,356,427	$712,508	$10,477,322
2016	$5,186,957	$3,008,484	$475,128	$1,365,651	$656,106	$10,692,326

MUB 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, 2016.

	Customer	*Consumption (gallons in 1,000s)*	*Sales*
1	Mylan Pharmaceuticals	133,982	$540,411.03
2	West Virginia University	129,159	$527,079.68
3	City of Westover*	213,689	$320,534.00
4	WVU Hospitals	69,646	$278,971.33
5	Morgantown Energy Association	73,845	$192,792.52
6	RF Kennedy Youth Center	40,076	$160,779.20
7	Deckers Creek PSD*	103,074	$154,611.00
8	Town of Star City*	87,840	$131,760.00
9	Monongalia General Hospital	49,620	$74,905.20
10	Monongalia County Board of Education	18,228	$73,277.00
	Total	**919,159**	**$2,455,120.96**

* Resale Customer

The total Sewer System Gross Revenue for the fiscal year ended June 30, 2016 was $10,692,000. The ten largest sewer customers represented 23% of the Sewer System Gross Revenue.

MUB Sewer Resale Customers

The following tables set forth information regarding MUB's Sewer Resale Customers for the most recent six fiscal years.

MUB Sewer Resale Customers – Annual Gallons Wastewater Treated by MUB (000's omitted)

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	213,689	230,765	230,859	200,663	236,660	262,998
Deckers Creek PSD	103,074	103,994	115,570	151,686	166,708	172,927
Town of Star City	87,840	87,840	87,600	87,600	87,840	87,600
Town of Granville	32,801	42,636	46,912	35,323	53,313	39,002
Total	**437,404**	**465,235**	**480,941**	**475,272**	**544,521**	**562,527**

MUB Sewer Resale Customers – Annual Treatment Cost Billed by MUB

Resale Customer	*Fiscal Year 2016*	*Fiscal Year 2015*	*Fiscal Year 2014*	*Fiscal Year 2013*	*Fiscal Year 2012*	*Fiscal Year 2011*
City of Westover	$320,534	$346,148	$346,289	$331,995	$314,434	$318,228
Deckers Creek PSD	$154,611	$155,991	$173,356	$227,528	$223,149	$209,568
Town of Star City	$131,760	$131,400	$131,040	$131,400	$118,954	$105,996
Town of Granville	$49,201	$63,955	$70,368	$52,984	$73,110	$47,192
Total	**$656,106**	**$697,494**	**$721,053**	**$743,907**	**$729,647**	**$680,984**

For the fiscal year ended June 30, 2016, payments for sewage transmission and treatment to MUB from the MUB Sewer Resale Customers represented 6.13% of the Sewer System Gross Revenue.

MUB Stormwater System – Largest Customers

	Customer	*Impermeable Surface (in sq. ft.)*	*Revenue*
1	West Virginia University	10,023,286	$282,656.67
2	GP Management	1,848,992	$52,141.57
3	WVU Hospitals	1,563,272	$44,084.27
4	Board of Education	1,460,534	$41,187.06
5	RF Kennedy Youth Center	914,791	$25,797.11
6	Mylan Pharmaceuticals	876,712	$24,723.28
7	The City of Morgantown	872,167	$24,595.11
8	Wal-Mart Stores	772,999	$21,798.57
9	US Dept. Energy NETL	632,696	$17,842.03
10	Monongalia General Hospital	395,021	$11,139.59
	Total	**19,360,470**	**$545,695.25**

The total stormwater operating revenue for the fiscal year ended June 30, 2016 was $1,891,000. The ten largest stormwater customers represented 29% of the Stormwater System Gross Revenue.

MUB Combined Utility System Historical and Projected Coverage

	2013	2014	2015	2016	2017*	2018*	2019*	2020*
Operating Revenues	$21,454,380	$21,978,283	$22,842,087	$22,935,561	$33,789,995	$34,248,901	$34,541,342	$34,806,113

Other Operating Revenues	636,572	488,258	470,265	445,763	423,802	425,177	425,177	425,177
Total Operating Revenues	**$22,090,952**	**$22,466,541**	**$23,312,352**	**$23,381,324**	**$34,213,797**	**$34,674,078**	**$34,966,519**	**$35,231,290**
Total O & M Expense	12,538,608	13,338,657	13,768,514	15,523,128	16,073,068	16,798,372	18,042,493	18,872,882
Depreciation Expense	5,593,277	8,050,420	8,398,878	8,692,352	9,142,447	9,341,447	9,959,944	12,357,773
Operating Income	**$3,959,067**	**$1,077,464**	**$1,144,960**	**-$834,157**	**$8,998,282**	**$8,534,259**	**$6,964,082**	**$4,000,635**
Non-Operating Income	665,919	1,072,566	-128,103	1,001,638	941,384	941,384	941,384	941,384
Available for Debt Service	**$10,218,263**	**$10,200,450**	**$9,415,735**	**$8,859,834**	**$16,882,113**	**$18,817,090**	**$17,865,410**	**$17,299,792**
Debt Service Requirement	$6,953,390	$6,990,740	$7,230,075	$7,300,490	$9,134,384	$14,090,231	$14,084,901	$14,073,554
Coverage	**1.47x**	**1.46x**	**1.30x**	**1.21x**	**1.85x**	**1.34x**	**1.27x**	**1.23x**

* Projected

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December 1, 2016

FINAL BLUE SKY MEMORANDUM

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds
Series 2016 A

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as representative of the underwriters named on
the cover page of the Official Statement

Ladies and Gentlemen:

This Final Blue Sky Memorandum supplements and completes our Preliminary Blue Sky Memorandum dated November 3, 2016 (the "Preliminary Blue Sky Memorandum") with respect to the Bonds described above (the "Bonds").

Action has been completed in the State of New York so that the Bonds may be sold to anyone by dealers or brokers registered or licensed therein.

The Official Statement for the Bonds provides that the scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Series 2016 A Insurance Policy (the "Policy") to be issued simultaneously with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM") and that the Bonds are expected to be rated "AA" (stable outlook) by S&P Global Ratings and "A2" (stable outlook) by Moody's Investors Service, Inc., based on the issuance of the Policy by AGM.

Because of such insurance and ratings, it is believed that offers and sales of the Bonds may be made in any amount to anyone in Nevada without registration of the Bonds or any filing being made with the local securities administrator. Such offers and sales may be made only be sellers who are registered or licensed appropriately as dealers, brokers, salespersons or sales agents within such jurisdictions or who are properly exempted from such jurisdictions' sellers' registration or licensing requirements.

Except as provided above, we hereby confirm as of the date hereof the views expressed in the Preliminary Blue Sky Memorandum.

Very truly yours,

Jackson Kelly PLLC

JACKSONKELLY
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November 3, 2016

PRELIMINARY BLUE SKY MEMORANDUM

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds
Series 2016 A

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as representative of the underwriters named on
the cover page of the Preliminary Official Statement

Ladies and Gentlemen:

This Preliminary Blue Sky Memorandum relates to the requirements of the securities or "Blue Sky" laws of the jurisdictions listed herein with respect to the offer and sale of the Bonds described above (the "Bonds") to the public in the jurisdictions referred to herein by persons registered or licensed as brokers or dealers under the securities laws of such jurisdictions and to selected classes of persons in such jurisdictions by persons not registered therein as brokers or dealers.

This Preliminary Blue Sky Memorandum is based upon an examination of Section 18 of the Securities Act of 1933, as amended, statements contained in the Preliminary Official Statement, and the securities laws of the several jurisdictions and the rules and regulations, where published, of the authorities administering such laws, all as set forth in the Wolters Kluwer Blue Sky Law Reporter or upon informal interpretive advice or "no-action" letters obtained from certain securities commissions or their representatives relating to the Bonds or similar securities. Please note, however, that the securities laws of certain jurisdictions provide that the burden of claiming an exemption is upon the person claiming the exemption and that informal interpretive advice and "no-action" letters are not necessarily binding upon a court of law.

We are attorneys admitted to practice in West Virginia and we have not obtained any legal opinions of counsel in any jurisdiction or any rulings from any jurisdiction's securities commission, department or other administrative bodies or officials. Statements made or conclusions expressed in this Preliminary Blue Sky Memorandum are subject to change upon exercise of broad discretionary powers vested in administrative authorities authorizing them, among other things, to withdraw exemptions, to impose additional requirements, to refuse registrations or to issue stop orders.

In view of the foregoing limitations, this Preliminary Blue Sky Memorandum is furnished only for your general information and is not to be relied upon as a legal opinion of counsel.

We will provide you a Final Blue Sky Memorandum at the time of the closing of the Bonds advising you whether the actions that are listed in Section I.B. of this Preliminary Blue Sky Memorandum have been completed.

This Preliminary Blue Sky Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers, salesmen, the form or substance of advertising, the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments or any resale of the Bonds by any person who may purchase them in the present offering.

Very truly yours,

Jackson Kelly PLLC

SECTION I

SALES TO THE PUBLIC

A. Jurisdictions Where Action Is Not Required

It is believed that offers and sales of the Bonds may be made in any amount to anyone in the following jurisdictions without registration of the Bonds or any filing being made with the local securities law administrator. Such offers and sales may be made only by sellers who are registered or licensed appropriately as dealers, brokers, salespersons or sales agents within the applicable jurisdictions or who are properly exempted from such jurisdictions' sellers' registration or licensing requirements.

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Guam
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
New Hampshire
New Jersey
New Mexico
North Carolina
North Dakota
Ohio*
Oklahoma
Oregon
Pennsylvania
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Virgin Islands
Washington
West Virginia
Wisconsin
Wyoming

*The Bonds are exempt from registration and notice filings in Ohio provided that at the time of first sale of the Bonds in Ohio there is no default in the payment of any of the interest or principal of the Bonds and there are no adjudications or pending suits adversely affecting their validity.

B. Jurisdiction Where Action Is Required

It is believed that offers and sales of the Bonds may be made in any amount to anyone in the following jurisdiction, provided that certain filings are made and certain state fees are paid. Such offers and sales may be made only by sellers who are registered or licensed appropriately as dealers, brokers, salespersons or sales agents within the following jurisdiction or who are properly exempted from such jurisdiction's sellers' registration or licensing requirements. We are attempting to qualify all of the Bonds within the following jurisdiction:

New York

C. Jurisdiction Where Sales to the Public May Not Be Made

In the following jurisdiction, it is believed that appropriate action is required by registration, the filing of notice or the payment of fees before the Bonds may be offered or sold to anyone therein other than in exempt transactions. No such action is being taken in this jurisdiction, and, therefore, no offers or sales of the Bonds may be made to anyone in this jurisdiction other than in exempt transactions:

Nevada

SECTION II

Sales to Specified Institutions and Dealers

It is assumed in this Section that the person who offers for sale or sells the Bonds in the following jurisdictions is not registered or licensed as a dealer or broker therein. In the following jurisdictions, it is believed that no action need be taken to qualify the Bonds and the seller need not be registered or licensed as a dealer or broker to offer for sale or sell the Bonds to the persons and institutions described below, as well as to dealers or brokers registered or licensed in such jurisdictions, subject to the conditions, if any, set forth below:

Alabama:

Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Alaska:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Arizona:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Arkansas:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

California:

Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, self employed individual retirement plan or individual retirement account), or such other institutional investor or governmental agency or instrumentality as the Commissioner of Corporations may designate by rule, whether the purchaser is acting for itself or as trustee (the other institutional investors and governmental agencies or instrumentalities designated by the Commissioner by rule being any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets, including endowment, annuity and life income funds, of not less than $5,000,000 according to its most recent audited financial statement, any corporation with a consolidated net worth of not less than $14,000,000 according to its most recent audited financial statement, and any wholly-owned subsidiary of any such institutional investor, the federal government, any agency or instrumentality thereof, any corporation wholly-owned by the federal government, any state, city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing public agencies); *provided*, that the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security; provided further, as to all of the foregoing, that any seller not registered as a broker-dealer in California has no place of business in California and either effects transactions exclusively with a broker-dealer or is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute and does not direct offers to sell or buy into California other than to broker-dealers and the institutional investors or governmental agencies or instrumentalities listed above.

Colorado:

Any broker-dealers licensed or exempt from licensing under the Colorado Securities Act (except when the seller is acting as a clearing broker-dealer for such broker-dealers); financial or institutional investors (*"financial or institutional investor"* means any of the following: a depository institution (*"depository institution"* means any of the following: a person that is organized or chartered, or is doing business or holds an authorization certificate, under the laws of a state or of the United States which authorize the person to receive deposits, including deposits in savings, share, certificate, or other deposit accounts, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; and a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States; the term does not include an insurance company or other organization primarily engaged in the insurance business); an insurance company; a separate account of an insurance company; an investment company registered under the federal Investment Company Act of 1940; a business development company as defined in the federal Investment Company Act of 1940; any private business development company as defined in the federal Investment

Advisers Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, a depository institution, or an insurance company; an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; a small business investment company licensed by the federal small business administration under the federal Small Business Investment Act of 1958; and any other institutional buyer); *provided*, seller is registered as a broker-dealer under the federal Securities Exchange Act of 1934 and has no place of business in this state and the business transacted in this state as a broker-dealer is exclusively with the foregoing entities and institutions.

Connecticut:

Any bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, federal savings bank, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as amended, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as a trustee; *provided*, that any seller who is not registered as a broker-dealer in Connecticut has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Delaware:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

District of Columbia:

Any financial or institutional investor (*"financial or institutional investor"* means any of the following, whether acting for itself or others in a fiduciary capacity: a depository institution (*"depository institution"* means: a person that is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States to receive deposits, including a savings, share, certificate or deposit account, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United

States; and "*depository institution*" does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a separate account of an insurance company; an investment company registered under the Investment Company Act of 1940; a business development company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5 million, or if investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; a "qualified institutional buyer" as defined in SEC Rule 144A); a broker-dealer; *provided*, that the seller has no place of business in the District of Columbia and effects transactions therein exclusively with the foregoing classes of purchasers.

Florida:

Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension plan or profit-sharing trust, or qualified institutional buyer as defined in accordance with Securities and Exchange Commission Rule 144A (17 C.F.R. 230.144(A)(a)), whether any of such entities is acting in its individual or fiduciary capacity; *provided* that (1) the seller is registered as a dealer in Florida and (2) such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act.

Georgia:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment company as defined in the Investment Company Act of 1940, 15 U.S.C. Section 80a-1, et seq.; (E) A broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10 million or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq., that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq., an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees if the plan has total assets in excess of $10 million or its investment decisions are made by a duly designated public

official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq., that is a broker-dealer registered under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq., an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (H) A trust if it has total assets in excess of $ 10 million, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (F) or (G) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) An organization that is not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10 million, including an organization described in subsection 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3), a corporation, a Massachusetts trust or similar business trust, a limited liability company, or a partnership; (J) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958, 15 U.S.C. Section 681(c), with total assets in excess of $10 million; (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-2(a)(22), with total assets in excess of $10 million; (L) A federal covered investment adviser acting for its own account; (M) A qualified institutional buyer as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H), 17 C.F.R. 230.144A, adopted under the Securities Act of 1933, 15 U.S.C. Section 77a, et seq.; (N) A major United States institutional investor as defined in Rule 15a-6(b)(4)(I), 17 C.F.R. 240.15a-6, adopted under the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq.; (O) Any other person, other than an individual, of institutional character with total assets in excess of $10 million not organized for the specific purpose of evading the state's uniform securities act; or (P) Any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (i) A bank; or (ii) A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or a successor authorized by federal law. The term does not include: (i) An insurance company or other organization primarily engaged in the business of insurance; (ii) A Morris Plan bank; or (iii) An industrial loan company that is not an 'insured depository institution' as defined in subsection 3(c)(2) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1813(c)(2), or any successor federal statute.

"Bank" means: (A) A banking institution organized under the laws of the United States; (B) A member bank of the Federal Reserve System; (C) Any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of P. L. 87-722, 12 U.S.C. Section 92a, and which is supervised and examined by a state or federal agency having supervision over banks and which is not operated for the purpose of evading the state's uniform securities act; or (D) A

receiver, conservator, or other liquidating agent of any institution or firm included in clause (A), (B), or (C) of this paragraph.

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940, 15 U.S.C. Section 80b-1, et seq.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Guam:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in Guam has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Hawaii:

See Idaho, below.

Idaho:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's

uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of ten million dollars, (l) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, or (p) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of evading the state's uniform securities act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Illinois:

Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, other financial institution (including, but not limited to, a manager of investment accounts on behalf of other than natural persons who, with affiliates, exercises sole investment discretion with respect to such accounts; *provided*, that such accounts exceed 10 in number and have a fair market value of not less than $10,000,000 at the end of the calendar month preceding the offering of the securities) or institutional investor (including, but not limited to, any investment company, university, or other organization whose primary purpose is to invest its own assets or those held in trust by it for others; trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund), any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; or any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or any trust in respect of which a bank or trust company is trustee or co-trustee; or any employee benefit plan within the meaning of Title I of the Federal ERISA Act if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of the Federal ERISA Act and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Federal 1940 Investment Advisers Act or (ii) the plan has total assets in excess of $5,000,000 or (iii) in the case of a self-directed plan, investment decisions are made solely by persons that are described in this paragraph; *provided*, however, that any seller who is not registered as a dealer or broker-dealer in the state is not regularly engaged in the business of offering or selling securities in reliance upon the exemptions set forth in Sections 4.G or 4.M. (relating to limited offerings and preorganization subscriptions) of the Illinois Securities Act of 1953.

Indiana:

See Minnesota, below.

Iowa:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an

insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of five million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Iowa Uniform Securities Act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of five million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars, (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of five million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of five million dollars, (l) a federal covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of five million dollars not organized for the specific purpose of evading the Iowa Uniform Securities Act, or (p) any other person specified by rule adopted or order issued under the Iowa Uniform Securities Act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of evading the Iowa Uniform Securities Act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Kansas:

See Idaho, above.

Kentucky:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Louisiana:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

Maine:

See Idaho above, except that in clauses (j) and (k) of the definition of "institutional investor" the amount of ten million dollars should be changed to read five million dollars.

Maryland:

Any investment company as defined in the Investment Company Act of 1940, a bank, trust company, savings and loan association or insurance company, whether acting for itself or as trustee, *provided,* that any seller who is not registered as a dealer or broker in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Massachusetts:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer ("*Institutional Buyer*" includes, but is not limited to, the following: (1) a Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (2) a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940, as amended; (3) a Business Development Company as defined in Section 2(a)(48) of the Investment Company Act of 1940, as amended; (4) an entity with total assets in excess of $5 million and which is either: (a) a company (whether a corporation, a Massachusetts or similar business trust, a partnership, a limited liability company or a limited liability partnership) not formed for the specific purpose of acquiring the securities offered; a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment; or (b) an organization described in Section 501(c)(3) of the Internal Revenue Code; and (5) a Qualified Institutional Buyer as defined in 17 CFR 230.144A(a)), whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Michigan:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution, (ii) an insurance company, (iii) a separate account of an insurance company, (iv) an investment company as defined in the investment company act of 1940, (v) a broker-dealer registered under the securities exchange act of 1934, (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $2,500,000 or its investment decisions are made by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (vii) a plan established and maintained by a state, a political subdivision of a state, or

an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $2,500,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (viii) a trust, if it has total assets in excess of $2,500,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clauses (vi) or (vii), regardless of size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (ix) an organization described in section 501(c)(3) of the internal revenue code, 26 USC 501, a corporation, Massachusetts or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $2,500,000, (x) a small business investment company licensed by the small business administration under section 301(c) of the small business investment act of 1958, 15 USC 681, with total assets in excess of $2,500,000, (xi) a business development company as defined in section 202(a)(22) of the investment advisers act of 1940, 15 USC 80b-2, with total assets in excess of $2,500,000, (xii) a federal covered investment adviser acting for its own account, (xiii) a "qualified institutional buyer" as defined in rule 144A(a)(1), other than rule 144A(a)(1)(i)(H), adopted under the securities act of 1933, 17 CFR 230.144A, (xiv) A "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the securities exchange act of 1934, 17 CFR 240.15a-6(b)(4)(i), (xv) any other person, other than an individual, of institutional character with total assets in excess of $2,500,000 not organized for the specific purpose of evading the state's uniform securities act, and (xvi) any other person specified by rule or order under the state's uniform securities act.

"Depository institution" means a bank; or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by federal statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law; or a bank that does not receive deposits because of a limitation in its charter, articles of incorporation, or articles of association. The term does not include any of the following: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an insured depository institution, as that term is defined in section 3(c)(2) of the federal deposit insurance act, 12 USC 1813(c)(2).

"Bank" means any of the following: (i) a banking institution organized under the laws of the United States, (ii) a member bank of the federal reserve system, (iii) any other banking institution that meets all of the following: (A) it is doing business under the laws of a state or of the United States, (B) a substantial portion of its business consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the comptroller of the currency pursuant to 12 USC 92a, (C) it is supervised and examined by a state or federal agency having supervision over banks, and (D) it is not operated

for the purpose of evading the state's uniform securities act, (iv) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (i), (ii), or (iii).

"Federal covered investment adviser" means a person registered under the investment advisers act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Minnesota:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), a corporation, Massachusetts trust or similar business trust, a limited liability company, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars, (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars, (k) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of ten million dollars, (l) a federal

covered investment adviser acting for its own account, (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A), (n) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, or (p) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an "insured depository institution" as defined in section 3(c)(2) of the Federal Deposit Insurance Act, United States Code, title 12, section 1813(c)(2), or any successor federal statute.

"Bank" means: (a) banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) a banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of United States Public Law 87-722, 12 United States Code, Section 92a, and that is supervised and examined by a state or federal agency having supervision over banks and that is not operated for the purpose of the state's uniform securities act, or (d) a receiver, conservator or other liquidating agent of any institution or firm described in the foregoing clauses (a), (b) or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Mississippi:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) A depository institution or international banking institution; (B) An insurance company; (C) A separate account of an insurance company; (D) An investment

company as defined in the Investment Company Act of 1940; (E) A broker-dealer registered under the Securities Exchange Act of 1934; (F) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (G) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company; (H) A trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (I) An organization described in Section 501(c)(3) of the Internal Revenue Code (26 USC Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (J) A small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 USC Section 681(c)) with total assets in excess of ten million dollars; (K) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 USC Section 80b-2(a)(22)) with total assets in excess of ten million dollars; (L) A federal covered investment adviser acting for its own account; (M) A "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 CFR 230.144A); (N) A "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6); (O) Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act; or (P) Any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means: (A) A bank; or (B) A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) An insurance company or other organization primarily engaged in the business of insurance; (ii) A Morris Plan bank; or (iii) An industrial loan company that is not an "insured depository institution" as defined in Section 3(c)(2) of the Federal Deposit Insurance Act, 12 USC 1813(c)(2), or any successor federal statute.

"Bank" means: (A) A banking institution organized under the laws of the United States; (B) A member bank of the Federal Reserve System; (C) Any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of Public Law 87-722 (12 USC Section 92a), and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the state's uniform securities act; and (D) A receiver, conservator, or other liquidating agent of any institution or firm included in clause (A), (B) or (C).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Missouri:

See Idaho, above.

Montana:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Nebraska:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nevada:

Any financial or institutional investor (*"financial or institutional investor"* means a depository institution (defined as any person (person is defined to include a government, government agency or political subdivision of a government) that is organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and that is

supervised and examined for the protection of depositors by an official or agency of a state or the United States or any trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States, provided the term "depository institution" does not include any insurance company or other organization primarily engaged in the insurance business, a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser under the Investment Advisers Act of 1940, a depository institution, or an insurance company, and any other institutional buyer); *provided*, that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Nevada and effects transactions therein exclusively with the foregoing classes of purchasers.

New Hampshire:

Any institutional investor; *provided,* that any seller who is not registered as a broker deal in New Hampshire has no place of business there and effects transaction therein exclusively with an institutional Investor:

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (A) a depository institution, trust company, or international banking institution; (B) an insurance company; (C) a separate account of an insurance company; (D) an investment company as defined in the Investment Company Act of 1940; (E) a broker-dealer registered under the Securities Exchange Act of 1934; (F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the New Hampshire Uniform Securities Act, a depository institution, a trust company, or an insurance company; (G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the New Hampshire Uniform Securities Act, a depository institution, a trust company, or an insurance company; (H) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution or trust company, and its participants are exclusively plans of the types identified in the foregoing clauses (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement

accounts or similar self-directed plans; (I) an organization described in 26 U.S.C. section 501(c)(3), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $10,000,000; (J) a small business investment company licensed by the Small Business Administration under the Small Business Investment Act of 1958, 15 U.S.C. section 681(c) with total assets in excess of $10,000,000; (K) a private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940, 15 U.S.C. section 80b-2(a)(22), with total assets in excess of $10,000,000; (L) a federal covered investment adviser acting for its own account; (M) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933, 17 C.F.R. 230.144A; (N) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934, 17 C.F.R. 240.15a-6; (O) any other person, other than an individual, of institutional character with total assets in excess of $25,000,000 not organized for the specific purpose of evading the New Hampshire Uniform Securities Act; or
(P) any other person specified by order issued under the New Hampshire Uniform Securities Act.

"Depository institution" means: (A) a bank; or (B) a savings institution, trust company, credit union or similar institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or share accounts insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund or a successor authorized by federal law and which is supervised and examined by a state or federal agency having supervision over such institutions, and which is not operated for the purpose of evading the New Hampshire Uniform Securities Act. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance; (ii) a Morris Plan bank; or (iii) an industrial loan company that is not an "insured depository institution" as defined in the Federal Deposit Insurance Act, 12 U.S.C. section 1813(c)(2), or any successor federal statute. (C) The inclusion of an institution in this definition shall not be construed as a grant of power or authority for such institution to engage in activities under the New Hampshire Uniform Securities Act that are not permitted under the laws governing such institution.

"Bank" means any of the following: (A) a banking institution organized under the laws of the United States; (B) a member bank of the Federal Reserve System; (C) a bank organized under the laws of the state of New Hampshire; (D) a trust company; (E) any other banking institution, whether incorporated or not, doing business under the laws of a State or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to section 1 of Public Law 87-722 12 U.S.C. section 92a, and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the New Hampshire Uniform Securities Act; and (F) a receiver, conservator, or other liquidating agent of any institution or firm included in the foregoing clauses (A), (B), (C), (D), or (E).

"Federal covered investment adviser" means a person registered under the Investment Advisors Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

New Jersey:

Any bank, savings institution (*"savings institution"* means any savings and loan association or building and loan association operating pursuant to the Savings and Loan Act of New Jersey, and any federal savings and loan association and any association or credit union organized under the laws of the United States or of any state whose accounts are insured by a federal corporation or agency), trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a broker-dealer in New Jersey effects transactions exclusively with or through the foregoing classes of purchasers.

New Mexico:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business therein and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (i) a depository institution or international banking institution, (ii) an insurance company, (iii) a separate account of an insurance company, (iv) an investment company as defined in the investment company act of 1940, (v) a broker-dealer registered under the securities exchange act of 1934, (vi) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (vii) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the employee retirement income security act of 1974, that is a broker-dealer registered under the securities exchange act of 1934, an investment adviser registered or exempt from registration under the investment advisers act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (viii) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clauses (vi) or (vii), regardless of size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (ix) an organization described in section 501(c)(3) of the internal revenue code, 26 USC 501, a corporation, Massachusetts or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the

securities offered, with total assets in excess of ten million dollars, (x) a small business investment company licensed by the small business administration under section 301(c) of the small business investment act of 1958, 15 USC 681, with total assets in excess of ten million dollars, (xi) a private business development company as defined in section 202(a)(22) of the investment advisers act of 1940, 15 USC 80b-2(a)(22), with total assets in excess of ten million dollars, (xii) a federal covered investment adviser acting for its own account, (xiii) a "qualified institutional buyer" as defined in rule 144A(a)(1), other than rule 144A(a)(1)(i)(H), adopted under the securities act of 1933, 17 CFR 230.144A, (xiv) A "major U.S. institutional investor" as defined in rule 15a-6(b)(4)(i) adopted under the securities exchange act of 1934, 17 CFR 240.15a-6(b)(4)(i), (xv) any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's uniform securities act, and (xvi) any other person specified by rule or order under the state's uniform securities act.

"Depository institution" means a bank; or a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by federal statute by the federal deposit insurance corporation, the national credit union share insurance fund, or a successor authorized by federal law; or a receiver, conservator or other liquidating agent or such institutions or entities. "Depository institution" does not include: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank, or (iii) an industrial loan company that is not an "insured depository institution" as defined in section 3(c)(2) of the federal deposit insurance act, 12 USC 1813(c)(2), or any successor federal statute.

"Bank" means: (i) a banking institution organized pursuant to the laws of the United States, (ii) a member bank of the federal reserve system, (iii) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of its business consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks pursuant to the authority of the comptroller of the currency pursuant to Section 1 of Public Law 87-722 (12 USC 92a) and that is supervised and examined by a state or federal agency having supervision over banks, and that is not operated for the purpose of evading the state's uniform securities act, and (iv) a receiver, conservator, or other liquidating agent of any institution or firm included in clauses (i), (ii), or (iii).

"Federal covered investment adviser" means a person registered under the federal investment advisers act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and that is subject to supervision by the insurance commissioner or a similar official or agency of a state.

New York:

Any bank (*"bank"* means a state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof), syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups, or any person purchasing such securities on the floor of any securities exchange registered as a national securities exchange under the Securities Exchange Act of 1934.

North Carolina:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

North Dakota:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: a. A depository institution or international banking institution; b. An insurance company; c. A separate account of an insurance company; d. An investment company as defined in the Investment Company Act of 1940; e. A broker-dealer under the Securities Exchange Act of 1934; f. An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's securities act, a depository institution, or an insurance company; g. A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's securities act, a depository institution, or an insurance company; h. A trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause f. or g., regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; i. An organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not

formed for specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; j. A small business investment company licensed by the small business administration under section 301(c) of the Small Business Investment Act of 1958 with total assets in excess of ten million dollars; k. A private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940 with total assets in excess of ten million dollars; l. A federal covered investment adviser acting for its own account; m. A qualified institutional buyer as defined in rule 144A(a)(1), other than rule 144(a)(1)(i)(H), adopted under the Securities Act of 1933; n. A major United States institutional investor as defined in rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; or o. Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the state's securities act.

"Depository institution" means: a. A bank; or b. A savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the federal deposit insurance corporation, the national credit union shares insurance fund, or a successor authorized by federal law. The term does not include: (1) An insurance company or other organization primarily engaged in the business of insurance: (2) A Morris plan bank; or (3) An industrial loan company.

"Bank" means: a. A bank institution organized under the laws of the United States; b. A member bank of the federal reserve system; c. Any other banking institution, whether or not incorporated, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the comptroller of the currency pursuant to section 1 of Public Law 87-722, and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the state's securities act; and d. A receiver, conservator, or other liquidating agent of any institution or firm included in clause a., b., or c.

"Federal covered adviser" means a person who is registered under Section 203 of the Investment Advisers Act of 1940.

Ohio:

An unlicensed Ohio dealer may sell to any licensed Ohio dealer. In addition, a licensed Ohio dealer may sell to the issuer, a dealer or an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (1) A bank or international banking institution; (2) An insurance company; (3) A separate account of an insurance company; (4) An investment company as defined in the "Investment Company Act of 1940," 15 U.S.C. 80a-3; (5) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended, or licensed by the division of securities as a dealer; (6) An employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C.

1001, that is one of the following: (a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended; (b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3; (c) An investment adviser registered under this chapter, a bank, or an insurance company; (7) A plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the "Employee Retirement Income Security Act of 1974," 29 U.S.C. 1001, that is one of the following: (a) A broker-dealer registered under the "Securities Exchange Act of 1934," 15 U.S.C. 78o, as amended; (b) An investment adviser registered or exempt from registration under the "Investment Advisers Act of 1940," 15 U.S.C. 80b-3; (c) An investment adviser registered under this chapter, a bank, or an insurance company. (8) A trust, if it has total assets in excess of ten million dollars, its trustee is a bank, and its participants are exclusively plans of the types identified in division (S)(6) or (7) of this section, regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (9) An organization described in section 501(c)(3) of the "Internal Revenue Code of 1986," 26 U.S.C. 1, as amended, corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (10) A small business investment company licensed by the small business administration under section 301(c) of the "Small Business Investment Act of 1958," 15 U.S.C. 681(c), with total assets in excess of ten million dollars; (11) A private business development company as defined in section 202(a)(22) of the "Investment Advisers Act of 1940," 15 U.S.C. 80b-2(a)(22), with total assets in excess of ten million dollars; (12) A federal covered investment adviser acting for its own account; (13) A "qualified institutional buyer" as defined in 17 C.F.R. 230.144A(a)(1), other than 17 C.F.R. 230.144A(a)(1)(H); (14) A "major U.S. institutional investor" as defined in 17 C.F.R. 240.15a-6(b)(4)(i); (15) Any other person, other than an individual, of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the Ohio Securities Act; (16) Any other person specified by rule adopted or order issued under the Ohio Securities Act.

"Bank" means any bank, trust company, savings and loan association, savings bank, or credit union that is incorporated or organized under the laws of the United States, any state of the United States, Canada, or any province of Canada and that is subject to regulation or supervision by that country, state, or province.

Oklahoma:

See Idaho, above.

Oregon:

Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Department of Veterans Affairs and the Government National Mortgage Association), or to a mortgage broker or a

mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions, *provided* that the transaction is not part of an attempt to evade fraudulently any provision of the Oregon Securities Law and *provided further* any seller who is not registered as a broker-dealer in Oregon effects transactions exclusively with or through registered or licensed dealers or brokers or with the foregoing and has no place of business in Oregon.

Pennsylvania:

Any institutional investor (*"institutional investor"* means any bank, insurance company, pension or profit-sharing plan or trust (except a municipal pension plan or system), investment company as defined in the Investment Company Act of 1940, or any person, other than an individual, which controls any of the foregoing, the Federal government, state, or any agency or political subdivision thereof, except Pennsylvania public school districts, or any person so designated by regulation of the Pennsylvania Securities Commission, whether the buyer is acting for itself or in some fiduciary capacity). *"Municipal pension plan or system"* means a pension plan or system provided by a municipality as those terms are defined in section 102 of the Pennsylvania Municipal Pension Plan Funding Standard and Recover[y] Act. The other institutional investors designated by regulation of such commission are (1) any corporation or business trust or wholly-owned subsidiary of such person (a) which has a tangible net worth, which shall include net worth less the amount of all items of goodwill, pre-operating, deferred and development expenses, patents, trademarks, licenses or other similar accounts, on a consolidated basis of not less than $10,000,000, as reflected on its most recent audited financial statements ("most recent" audited financial statements meaning audited financial statements dated not more than 16 months prior to the date of the transaction in which such person proposes to purchase securities), and (b) which has been in existence for 18 months; (2) any college, university or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954 and which has total endowment or trust funds, including annuity and life income funds, of not less than $5,000,000 according to its most recently audited financial statements; *provided*, that the aggregate dollar amount of the securities being sold to such person shall not exceed 5% of such endowment or trust funds; (3) a wholly-owned subsidiary of any bank (*"bank"* means a bank, savings bank, savings institution, savings and loan association, thrift institution, trust company or similar organization which is organized or chartered under the laws of a state or of the United States, is authorized to and receives deposits and is supervised and examined by an official or agency of a state or by the United States if its deposits are insured by the Federal Deposit Insurance Corporation or a successor authorized by Federal law; *"bank"* does not include a holding company for a bank or a bank-in-organization); (4) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in nonpublic offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with certain conditions; (5) a Small Business Investment Company as defined in Section 103 of the Small Business Investment Act of 1958 which meets certain conditions; (6) a Seed Capital Fund, as defined in Section 2 and authorized in Section 6 of the Small Business Incubators Act; (7) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law; (8) a person whose security holders consist solely of institutional investors or broker-dealers; (9) a person as

to which the issuer reasonably believed qualified as an institutional investor at the time of the offer or sale of the securities on the basis of written representations made by the purchaser to the issuer; and (10) a qualified institutional buyer as that term is defined in Rule 144A under the Securities Act of 1933, or any successor rule thereto; *provided*, that any seller who is not registered as a broker-dealer in Pennsylvania has no place of business there, and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Puerto Rico:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust with assets of at least $1,000,000, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a broker-dealer in Puerto Rico has no place of business there and effects transactions exclusively with or through the foregoing classes of purchasers.

Rhode Island:

Any registered or exempt broker-dealer or financial or institutional investor (*"financial or institutional investor"* means any of the following, whether acting for itself or another in a fiduciary capacity: a depository institution (*"depository institution"* means: a person which is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of a state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States; and "*depository institution*" does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars ($5,000,000), or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; and any other institutional buyer); *provided*, that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Rhode Island and effects transactions therein exclusively with the foregoing classes of purchasers.

South Carolina:

See Idaho, above.

South Dakota:

See Idaho, above.

Tennessee:

Any institutional investor (*"institutional investor"* means any bank, unless the bank is acting as a broker-dealer, as such term is defined in the Tennessee Securities Act of 1980, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, a pension or profit-sharing plan, an institutional buyer (as the commissioner may define by rule) or any other person engaged as a substantial part of its business in investing in securities, unless such other person is within the definition of a broker-dealer, in each case having a net worth in excess of $1,000,000); *provided,* that any seller who is not registered as a broker-dealer in Tennessee has no place of business there, is registered as a broker-dealer with the Securities and Exchange Commission or the Financial Industry Regulatory Authority, and effects transactions in Tennessee exclusively with or through the foregoing classes of purchasers.

Texas:

Any registered dealer actually engaged in buying and selling securities; any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any federally chartered credit union, savings and loan association or federal savings bank, and any credit union or savings and loan association chartered under the laws of any state of the United States); investment company as defined in the Investment Company Act of 1940; small business investment company as defined in the Small Business Investment Act of 1958, as amended; any qualified institutional buyer under SEC Rule 144A; or any corporation, partnership, trust, estate, or other entity (excluding individuals) having net worth of not less than $5 million or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the Bonds (for purposes of determining a purchaser's total assets or net worth, the seller may rely upon the entity's most recent annual balance sheet or other financial statement which shall have been audited by an independent accountant or which shall have been verified by a principal of the purchaser); *provided,* that such financial institutions or other institutional investors are acting for their own account or as a bona fide trustee of a trust organized and existing other than for the purpose of acquiring the Bonds.

Utah:

Any depository institution (as defined in Section 7-1-103, Utah Code), trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided,* that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Vermont:

See Idaho, above.

Virginia:

Any corporation, investment company, or pension or profit-sharing trust.

Virgin Islands:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer in the Virgin Islands has no place of business there and effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company as defined in the Investment Company Act of 1940; (e) a broker-dealer registered under the Securities Exchange Act of 1934; (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of ten million dollars or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Virgin Islands Uniform Securities Act, a depository institution, or an insurance company; (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of ten million dollars or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the Virgin Islands Uniform Securities Act, a depository institution, or an insurance company; (h) a trust, if it has total assets in excess of ten million dollars, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g) of this paragraph, regardless of size of assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans; (i) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), a corporation, Massachusetts trust and or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ten million dollars; (j) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of ten million dollars; (k) a private business development company as defined in Section 612(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. §80b-2(a)(22)) with total assets in excess of ten million dollars; (l) a federal covered investment adviser acting for its own account; (m) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(H), adopted under the Securities Act of 1933; (n) a

"major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934; (o) any other person other than an individual of institutional character with total assets in excess of ten million dollars not organized for the specific purpose of evading the Virgin Islands Uniform Securities Act; or (p) any other person specified by rule or order under the Virgin Islands Uniform Securities Act.

"Depository institution" means: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include: (i) an insurance company or other organization primarily engaged in the business of insurance; (ii) a Morris Plan bank; or (iii) an industrial loan company.

"Bank" means: (a) a banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of Public Law 87-722 (12 U.S.C. Section 92a), and that is supervised and examined by a state or federal agency having supervision over banks, and that is not operated for the purpose of evading the Virgin Islands Uniform Securities Act, and (d) a receiver, conservator, or other liquidating agent of any institution or firm included in the foregoing clauses (a), (b), or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Washington:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers. (The Administrator has interpreted the term *"institutional buyer"* to mean: (1) a corporation, business trust, or a partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least $10,000,000 as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; (2) any entity which has been granted exempt

status under Section 501(c)(3) of the Internal Revenue Code of 1986 and which has a total endowment or trust funds of $5,000,000 or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; or (3) any wholly owned subsidiary of a bank, savings, institution, insurance company or investment company as defined in the Investment Company Act of 1940. The Administrator has further found that the term "institutional buyer" does not include a natural person, individual retirement account (IRA), Keogh account or other self-directed pension plan.)

West Virginia:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

Wisconsin:

Any institutional investor; *provided*, that any seller who is not registered as a broker-dealer effects transactions therein exclusively with an institutional investor.

"Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity: (a) a depository institution or international banking institution, (b) an insurance company, (c) a separate account of an insurance company, (d) an investment company as defined in the Investment Company Act of 1940, (e) a broker-dealer registered under the Securities Exchange Act of 1934, (f) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (g) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of $10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under the state's uniform securities act, a depository institution, or an insurance company, (h) a trust, if it has total assets in excess of $10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in clause (f) or (g), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans, (i) an organization described in section 501 (c) (3) of the Internal Revenue Code (26 USC 501 (c) (3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered,

with total assets in excess of $10,000,000, (j) a small business investment company licensed by the Small Business Administration under section 301 (c) of the Small Business Investment Act of 1958 (15 USC 681 (c)) with total assets in excess of $10,000,000, (k) a private business development company as defined in section 202 (a) (22) of the Investment Advisers Act of 1940 (15 USC 80b-2 (a) (22)) with total assets in excess of $10,000,000, (l) a federal covered investment adviser acting for its own account, (m) a qualified institutional buyer, as defined in Rule 144A (a) (1), other than Rule 144A (a) (1) (i) (H), adopted under the Securities Act of 1933 (17 CFR 230.144A), (n) a major U.S. institutional investor, as defined in Rule 15a-6 (b) (4) (i) adopted under the Securities Exchange Act of 1934 (17 CFR 240.15a-6), (o) any other person, other than an individual, of institutional character with total assets in excess of $10,000,000 not organized for the specific purpose of evading the state's uniform securities act, or (p) any other person specified by rule adopted or order issued under the state's uniform securities act.

"Depository institution" means any of the following: (a) a bank or (b) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include any of the following: (i) an insurance company or other organization primarily engaged in the business of insurance, (ii) a Morris Plan bank or (iii) an industrial loan company.

"Bank" means any of the following: (a) a banking institution organized under the laws of the United States, (b) a member bank of the Federal Reserve System, (c) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to section 1 of Public Law 87-722 (12 USC 92a), and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading the state's uniform securities act or (d) a receiver, conservator, or other liquidating agent of any institution or firm included described in the foregoing clauses (a), (b), or (c).

"Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

"Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

Wyoming:

Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds 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 ("Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer and/or the Obligor, as applicable, or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. AGM shall be provided with:

(a) Executed copies of all financing 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 AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (blacklined to reflect all revisions from previously reviewed drafts) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.

(c) Standard & Poor's Rating Service and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).

7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

MUNICIPAL BOND INSURANCE COMMITMENT
TERM SHEET

Issuer: The City of Morgantown (West Virginia)

Name of Bonds Insured: Combined Utility System Revenue Bonds, Series 2016 A

Principal Amount of Bonds Insured: Not to Exceed $62,235,000

Date of Commitment: November 14, 2016 Expiration Date: Friday, January 13, 2017*

Premium: .18% of total debt service on the Bonds Insured

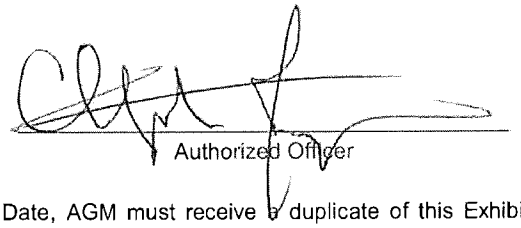
Additional Conditions:

1. The amortization schedule for, and final maturity date of, the Bonds shall be acceptable to AGM.

2. Except as set forth in Exhibit B hereto, the documentation and opinions for this transaction shall be substantially the same as the documentation and opinions for the Issuer's Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) (the "Series 2010 Bonds") insured by AGM on January 28, 2010 (Policy No. 211600-N), and shall otherwise be acceptable to AGM.

Capitalized terms used in this Commitment and not otherwise defined shall have the meanings assigned to them in the transaction document authorizing the issuance of, and setting forth the terms for, the Bonds described above (the "Ordinance").

ASSURED GUARANTY MUNICIPAL CORP.



Authorized Officer

*To maintain the Commitment in effect until the Expiration Date, AGM must receive a duplicate of this Exhibit A executed by an authorized officer of the Issuer by the earlier of the date on which the Official Statement containing disclosure language regarding AGM is circulated and ten days from the date of this Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own 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 own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, 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 Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for

possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE CITY OF MORGANTOWN

Authorized Officer

ADDITIONAL CONDITION

The language in paragraph (c) of Exhibit C to the Bond Ordinnace for the Series 2010 Bonds shall be revised as follows:

The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. In furtherance thereof and as a term of the Ordinance and each Bond, the Paying Agent and each Bondholder appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the Issuer 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 Paying Agent and each Bondholder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Paying Agent and each Bondholder 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. Remedies granted to the Bondholders shall expressly include mandamus.

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: The City of Morgantown (West Virginia)

BONDS: $69,755,000 in aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A

Policy No.: 217931-N

Effective Date: December 1, 2016

Premium: $229,968.86

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this 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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019

(212) 974-0100

ASSURED GUARANTY MUNICIPAL

December 1, 2016

Municipal Bond Insurance Policy No. 217931-N
and
Municipal Bond Debt Service Reserve Insurance Policy No. 217931-R
With Respect to
$69,755,000 In Aggregate Principal Amount of
The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2016 A

Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy no. 217931-N (the "Insurance Policy") and its municipal bond debt service reserve insurance policy no. 217931-R (the "Reserve Policy" and, together with the Insurance 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. AGM is a stock 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 AGM.

3. The Policy constitutes the valid and binding obligation of AGM, 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 AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy contained in **APPENDIX G** under the caption "**BOND INSURANCE** – **BOND INSURANCE POLICY**" in the official statement relating to the above-referenced Bonds dated November 15, 2016 (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 caption "**BOND INSURANCE** – **ASSURED GUARANTY MUNICIPAL CORP.**".

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.

Very truly yours,

Counsel

The City of Morgantown,
278 Greenbag Road,
Morgantown, West Virginia 26501.

Bank of America,
One Bryant Park,
New York, New York 10036.

Assured Guaranty Municipal Corp.

1633 Broadway
New York, NY 10019

main 1 212 974 0100
fax 1 212 688 3101

info@assuredguaranty.com

www.assuredguaranty.com

ASSURED GUARANTY
MUNICIPAL

November 29, 2016

VIA OVERNIGHT MAIL

John Stump, Esq.
Steptoe & Johnson, P.L.L.C.
Chase Tower, 17th Floor,
707 Virgina Street, East
Charleston, West Virginia 25301

Re: $69,755,000 in aggregate principal amount of The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2016 A (Policy Nos. 217931-N and 217931-R)

Dear Mr. Stump:

Enclosed herewith please find Assured Guaranty Municipal Corp.'s ("AGM") original Municipal Bond Insurance Policies (the "Policies") relating to the above-referenced issue scheduled to close on December 1, 2016. The Policies should be held in escrow by you subject to the terms of our transmittal letter of even date herewith detailing the conditions to the release of the Policies.

Please forward said Policies to the Paying Agent/Trustee for this transaction.

Please contact me if you have any questions about the enclosed document.

Very truly yours,

Erika Paredes
Closing Coordinator

Enclosures

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019
main 1 212 974 0100
fax 1 212 688 3101
info@assuredguaranty.com
www.assuredguaranty.com

NOTICE OF CLAIM AND CERTIFICATE

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Assured Guaranty Municipal Corp. ("AGM"), with reference to Municipal Bond Insurance Policy No. 217931-N dated December 1, 2016 (the "Policy") issued by AGM in respect of the The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Ordinance") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Ordinance will be $_____ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _____ ("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from AGM, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend $"[insert applicable amount] paid by AGM and the balance hereof has been canceled and reissued" and then shall deliver such Bond to AGM.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to AGM the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to AGM in respect of such payments. Payments to AGM in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by AGM to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints AGM as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as AGM shall not be in default in its payment obligations under the Policy, AGM may at any time during the continuation of any proceeding by or against the Issuer 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 in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to

the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of AGM but subject to reimbursement as provided in the Ordinance and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that AGM shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder 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.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By_____

Title_____

For AGM or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE COMMITMENT

Issuer:	The City of Morgantown	Date of Commitment:	November 3, 2016
Related Bonds:	Combined Utility System Revenue Bonds, Series 2016 A		
Premium:	2.00% of Policy Limit	Expiration Date:	Friday, January 6, 2017
Policy Limit:	A dollar amount equal to the Debt Service Reserve Requirement for the Related Bonds, as specified under the Authorizing Document (defined below)		

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), a stock insurance company, hereby commits to issue its Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Policy"), in the form attached hereto as Exhibit B, 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 document setting forth the security for and authorizing the issuance of the Bonds (the "Authorizing Document").

To keep this Commitment in effect after the Expiration Date set forth above, a request for renewal must be submitted to AGM prior to such expiration date. AGM reserves the right to refuse wholly or in part to grant a renewal. To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Commitment executed by an authorized officer of the Issuer by the date which is ten days from the date of this Commitment.

THE RESERVE POLICY SHALL BE ISSUED UPON SATISFACTION OF THE FOLLOWING CONDITIONS:

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds 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 purchaser of the Bonds, otherwise required, not to be required to purchase the Bonds on the date scheduled for the issuance and delivery thereof.

3. There shall be no material change in or affecting the Bonds (including, without limitation, the security for the Bonds) or the financing documents or the Official Statement (or any similar disclosure documents) to be executed and delivered in connection with the issuance and sale of the Bonds from the descriptions or forms thereof approved by AGM.

4. Any Official Statement (or similar disclosure document) relating to the Bonds shall contain only such references to the Reserve Policy and AGM as AGM shall approve.

5. 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.

6. The Authorizing Document shall incorporate the terms and provisions set forth in Exhibit A – Authorizing Document Requirements.

7. Prior to closing of the Bonds, AGM shall be provided with:

(a) A letter from Steptoe & Johnson, P.L.L.C. ("Bond Counsel") addressed to AGM to the effect that AGM may rely on the approving opinion(s) of Bond Counsel as if such opinion(s) were addressed to AGM;

(b) An opinion(s) of Bond Counsel, addressed to and in form and substance satisfactory to AGM, as to (i) the due authorization, validity and enforceability of the Authorizing Document, the Insurance Agreement and, to the extent not contained in the Authorizing Document, the document which incorporates the requirements set forth in Exhibit A hereto, (ii) the Reserve Policy constituting a permitted debt service reserve instrument under the applicable provisions of the Authorizing Document, (iii) the repayment obligations owed to AGM in connection with the Reserve Policy being secured by a valid lien on all revenues and other collateral securing the Bonds (subject only to the priority of payment provisions set forth under the Authorizing Document), and (iv) such other matters AGM shall reasonably request;

(c) A fully-executed copy of the Insurance Agreement in substantially the form of Exhibit C hereto;

(d) Copies of all opinions delivered in connection with the issuance of the Bonds (together with reliance letters addressed to AGM except in the case of the opinion of disclosure counsel); and

(e) Evidence of wire transfer in federal funds in an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Reserve Policy.

8. Promptly after the issuance of the Reserve Policy, AGM shall receive a complete set of executed documents implementing the requirements of this Commitment.

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

*To keep this commitment in effect to the Expiration Date set forth on the first page, AGM must receive by the date which is ten days from the date of this Commitment a duplicate of this Commitment executed by an appropriate officer of the Issuer.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

The undersigned, an authorized officer of the Issuer, agrees that (i) if the debt service reserve fund requirement for the Bonds is satisfied by a credit instrument, such credit instrument shall be the Reserve Policy provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to obtain the Reserve Policy and whether the Reserve Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer deposit a credit instrument into the debt service reserve fund for the Bonds or obtain the Reserve Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Reserve Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to obtain the Reserve Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including, without limitation, being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse affect on the Bonds or on the Reserve Policy constituting a permitted debt service reserve instrument under the Authorizing Document; and (viii) the Issuer acknowledges that AGM pays rating agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE CITY OF MORGANTOWN

By: _____

Title: Mayor

Date: November 29, 2016

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: The City of Morgantown (West Virginia)

Policy No.: 217931-R

BONDS: Combined Utility System Revenue Bonds, Series 2016 A

Effective Date: December 1, 2016

Premium: $84,199.75

Termination Date: The earlier of December 1, 2046 and the date the Bonds are no longer outstanding under the Ordinance

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, 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.

AGM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy. Upon such payment, AGM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Insurance 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 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 (exclusive of interest and expenses) to AGM by or on behalf of the Issuer. Within three Business Days of such reimbursement, AGM shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond 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 AGM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that AGM has issued.

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 are, or the Insurer's Fiscal Agent is, 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 AGM 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. "Insurance Agreement" means the Insurance Agreement dated as of the effective date hereof in respect of this Policy, as the same may be amended or supplemented from time to time. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $4,209,987.50. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document.

AGM 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 AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be cancelled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019

(212) 974-0100

INSURANCE AGREEMENT

THIS INSURANCE AGREEMENT, dated December 1, 2016 (the "Agreement"), by and between The City of Morgantown (the "Issuer") and Assured Guaranty Municipal Corp. (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Insurance Policy No. 217931-R (the "Reserve Policy") with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2016 A (the "Bonds") issued under the Bond Ordinance adopted by the Issuer on February 2, 2016, as supplemented by a Supplemental Parameters Resolution adopted on November 1, 2016 and a Certificate of Determinations executed by the Mayor on November 15, 2016 (collectively, the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Reserve Policy shall be made. Amounts drawn under the Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Bonds.

2. The Issuer shall pay the Insurer the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer and shall pay interest thereon from the date of payment by the 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 change is 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, the Prime Rate shall be the prime or base lending rate of such national bank as the Insurer shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of 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 the Insurer shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to the 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.

5. All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on the Bonds 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.

6. Upon a failure to pay Policy Costs when due or any other breach of the terms of this Agreement, the Insurer 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 Bonds or (ii) remedies which would adversely affect owners of the Bonds.

7. The Authorizing Document shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

8. In order to secure the Issuer's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth under the Authorizing Document) in all revenues and collateral pledged as security for the Bonds.

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 Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of Section 5 hereof and shall provide notice to the Insurer 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 Bonds. Where deposits are required to be made by the Issuer with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Insurer of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

11. The Issuer will pay or reimburse the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement, the Authorizing Document or any other document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Issuer) relating to this Agreement, the Authorizing Document, or any other Related Document, any party to this Agreement, the Authorizing Document or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement, the Authorizing Document or any other Related Document, if any, or the pursuit of any remedies under this Agreement, the Authorizing Document or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Authorizing Document, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Authorizing Document or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii)-(v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement, the Authorizing Document or any other Related Document. Amounts payable by the Issuer hereunder

shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full.

12. The obligation of the Issuer to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the Issuer and will be paid or performed strictly in accordance with this Agreement, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Authorizing Document or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, this Agreement, the Authorizing Document or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy, the Authorizing Document or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Issuer may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with this Agreement, the transactions contemplated herein, in the Authorizing Document or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

13. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit facility credited to the Reserve Fund in lieu of a cash deposit into the Reserve Fund.

14. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director– Surveillance, Re: Policy No. 217931-R.

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.

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 of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

THE CITY OF MORGANTOWN (WEST VIRGINIA)

By: _____
Title:

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Title: Authorized Officer

S&P Global
Ratings

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212-438-2000
reference no.: 40465379

November 17, 2016

Assured Guaranty Municipal Corp.
1633 Broadway - 24th Floor
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: ***$69,755,000 The City of Morgantown (West Virginia), Combined Utility System Revenue Bonds, Series 2016 A, dated: Date of Delivery, due: December 1, 2017-2036, 2041, 2046, (POLICY #217931-N)***

Dear Mr. Bauerfeld:

S&P Global Ratings has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating from "A+" to "AA" on the above obligations. The rating on the above obligations is 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 latter, 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 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

MOODY'S
INVESTORS SERVICE

Moody's Investors Service, Inc.
7 World Trade Center
at 250 Greenwich Street
NewYork, NY 10007
+1.212.553.0300 tel
+1.212.553.4820 fax
www.moodys.com

November 17, 2016

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019

To Whom It May Concern:

Moody's Investors Service has assigned the rating of A1 to the $69,755,000.00 The City of Morgantown (West Virginia), Combined Utility System Revenue Bonds, Series 2016 A, dated December 1, 2016 which sold through negotiation on November 15, 2016, insured by Assured Guaranty Municipal Corp. (Policy No.217931-N). The rating is the highest of (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program.

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide or MIS Professional Code of Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit www.moodys.com.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

Under no circumstances shall Moody's have any liability (whether in contract, tort or otherwise) to any person or entity for any loss, injury or damage or cost caused by, resulting from, or relating to, in whole or in part, directly or indirectly, any action or error (negligent or otherwise) on the part of, or other circumstance or contingency within or outside the control of, Moody's or any of its or its affiliates, directors, officers, employees or agents in connection with the Credit Ratings. **ALL INFORMATION, INCLUDING THE CREDIT RATING, ANY FEEDBACK OR OTHER COMMUNICATION RELATING THERETO IS PROVIDED "AS IS" WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND.**

MOODY'S MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH INFORMATION.

Any non-public information discussed with or revealed to you must be kept confidential and only disclosed either (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such with a need to know that have entered into non-disclosure agreements with Moody's in the form provided by Moody's and (iii) as required by applicable law or regulation. You agree to cause your employees, affiliates, agents and advisors to keep non-public information confidential.

If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact Daniel Hellige at (212) 553-3682.

Sincerely yours,



Moody's Investors Service, Inc.

KBRA KROLL BOND RATING AGENCY

Mr. Al Pisani
Managing Director
Assured Guaranty
1633 Broadway
New York, NY 10019

November 18, 2016

Re: $69,755,000.00 The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2016 A, dated: December 1, 2016 – Policy No. 217931-N

Dear Mr. Pisani:

With respect to the above-referenced obligation, Kroll Bond Rating Agency, Inc. ("KBRA") has assigned an insurance financial strength rating of AA+, Stable to Assured Guaranty Municipal Corp. ("Financial Guarantor"), which is providing an unconditional and irrevocable guarantee of the above-referenced obligation. Based entirely on the rating of the Financial Guarantor, KBRA hereby assigns a AA+, Stable rating to the above-referenced security. This rating is based exclusively on KBRA's published rating of the Financial Guarantor and the policy issued by the Financial Guarantor. KBRA has not conducted a comprehensive analysis of the above-referenced obligation on a stand-alone basis, the issuer of such obligation or the related transaction. In the event KBRA's rating on the Financial Guarantor changes, KBRA's rating on the above-referenced obligation will change accordingly.

In accordance with KBRA policy, assigned ratings are subject to revision or withdrawal, without notice, at the sole discretion of KBRA.

The rating and other views of KBRA are statements of opinion and not statements of fact. They are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, marketability, the suitability of any investment, loan or security for a particular investor (including, but not limited to, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. You acknowledge that KBRA is not your advisor and is not providing you any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. The rating should not be viewed as a replacement for such advice or services. You understand that KBRA has not consented to, and will not consent to, being named an "expert" under the federal securities laws including, without limitation, Section 7 of the Securities Act of 1933. Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between you and us or between us and any user of the rating set forth above.

This letter constitutes KBRA's permission to you to disseminate the rating set forth above to interested parties in accordance with applicable laws. The rating set forth above is subject to the terms and conditions set forth in KBRA's website, which any party receiving this letter or the rating set forth above should review and understand.

KBRA shall have the right to publish, disseminate or license others to publish or otherwise to disseminate the rating set forth above or the rationale for the rating.

KBRA is pleased to have had the opportunity to be of service to you.

Sincerely,

KROLL BOND RATING AGENCY, INC.

By:

Paul Kwiatkoski
Managing Director

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

CITY OF MORGANTOWN

[Name of Issuer]

December 12, 2006

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
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.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

Very truly yours,

CITY OF MORGANTOWN

(Issuer)

By: _____

(Authorized Officer's Signature)

Dan Boroff, City Manager

(Print Name)

389 Spruce Street

(Street Address)

Morgantown, West Virginia, USA, 26505

(City) (State) (Country) (Zip Code)

(304) 284-7405

(Phone Number)

dboroff@cityofmorgantown.org

(E-mail Address)

[2/02]

(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 $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of 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 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 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 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 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.

WEST VIRGINIA
Water Development Authority
Celebrating 42 Years of Service 1974 - 2016

December 1, 2016

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2016 A

CONSENT

In reliance upon the certificate of Perry & Associates, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), registered owner of the Series 2000 A Bonds, Series 2000 B Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds as hereinafter defined, hereby consents to the issuance of the Combined Utility System Revenue Bonds, Series 2016 A, in the original aggregate principal amount of $69,755,000 (the "Series 2016 A Bonds") by The City of Morgantown (the "Issuer"), under the terms of the Bond Legislation authorizing the Series 2016 A Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's:

(1) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds");

(2) Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of $2,488,000 (the "Series 2000 B Bonds");

(3) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds");

(4) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(5) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(6) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304)414-0865
www.wvwda.org

(7) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(8) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds");

(9) Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of $4,605,260 (the "Series 2013 A Bonds");

(10) Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $137,568 (the "Series 2015 A Bonds");

(11) Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of $4,586 (the "Series 2015 B Bonds");

(12) Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $8,111,813 (the "Series 2015 C Bonds");

(13) Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of $1,688,394 (the "Series 2015 D Bonds"); and

(14) Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of $662,300 (the "Series 2015 E Bonds" and, collectively with the bonds listed above, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller

Authorized Representative

627490.00049

The City of Morgantown (West Virginia)

$69,755,000 Combined Utility System Revenue Bonds, Series 2016 A

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 1st day of December, 2016, by and between THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $69,755,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2016 A in fully registered form (the "Series 2016 A Bonds"), pursuant to a Bond Ordinance enacted February 2, 2016, as supplemented by Supplemental Resolution adopted November 1, 2016, and a Certificate of Determinations executed by the Mayor of the Issuer on November 15, 2016 (collectively, the "Series 2016 A Bond Legislation");

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Series 2016 A Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2016 A Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Series 2016 A Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Series 2016 A Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Series 2016 A Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2016 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2016 A Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the

Bank's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Series 2016 A Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Series 2016 A Bond Legislation, the terms of the Series 2016 A Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Series 2016 A Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

With copy to:
Morgantown Utility Board
278 Green Bag Road
Morgantown, West Virginia 26501
Attention: General Manager

REGISTRAR:
United Bank, Inc.
500 Virginia Street
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Series 2016 A Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INC.

By: _____
Its: Authorized Officer

627490.00049

FEE SCHEDULE

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 1-Dec-16

ISSUE: The City of Morgantown
Combined Utility System Revenue Bonds, Series 2016 A

ADDRESS: 389 Spruce Street, Morgantown, WV 26505 COUNTY: Monongalia

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 1-Dec-16 CLOSING DATE: 1-Dec-16

ISSUE AMOUNT: $69,755,000.00 RATE: 1.5%-4.0%

1ST DEBT SERVICE DUE: 1-Jun-17 1ST PRINCIPAL DUE: 1-Dec-17

1ST DEBT SERVICE AMOUNT see DSS PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: United Bank, Inc
Contact: Kathy Smith
Phone: 304.348.8427

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Tim Ball, Esquire
Position: MUB General Manager
Phone: 304.292.8443

OTHER:
Agency: Underwriter
Bank of America Merrill Lynch
Contact: Thomas Liu
Position: Managing Director
Phone: 646.743.1361

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Accrued Interest: $
____ Check ____ Capitalized Interest: $
X Reserve Account: $ 945,453.60
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ To Escrow Trustee $
____ Check ____ To Issuer $
____ IGT ____ To Cons. Invest. Fund $
____ To Other: ____ $

NOTES: Series 2016 A Bonds Reserve Account funded with Municipal Bond Debt Service Reserve Policy from Assured Guaranty Municipal Corp. Series 2016 A Bonds are insured by a Municipal Bond Insurance Policy from Assured Guaranty Municipal Corp.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

Bond Summary Statistics

Series 2016A (Sewer Treatment Plant)

Dated Date	12/1/2016
Delivery Date	12/1/2016
First Coupon	6/1/2017
Last Maturity	12/1/2046
Arbitrage Yield	3.671342%
True Interest Cost (TIC)	3.911604%
Net Interest Cost (NIC)	4.090631%
All-In TIC	3.983839%
Average Coupon	4.443417%
Average Life (years)	18.714
Weighted Average Maturity (years)	18.521
Duration of Issue (years)	12.549
Par Amount	69,755,000.00
Bond Proceeds	74,638,289.00
Total Interest	58,005,475.00
Net Interest	53,400,123.12
Total Debt Service	127,760,475.00
Maximum Annual Debt Service	4,209,987.50
Average Annual Debt Service	4,258,682.50
Underwriter's Fees (per $1000)	
Average Takedown	3.084761
Other Fee	0.899715
Total Underwriter's Discount	3.984476
Bid Price	106.602182

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds (2016A)	35,845,000.00	107.407	4.130%	11.933	28,090.60
Term Bond due 2041 (2016A)	14,990,000.00	111.403	5.000%	23.100	13,341.10
Term Bond due 2046 (2016A)	6,320,000.00	110.960	5.000%	28.016	5,561.60
Term Bond due 2046 (2016A)	12,600,000.00	98.622	4.000%	28.122	21,420.00
	69,755,000.00			18.714	68,413.30

	TIC	All-In TIC	Arbitrage Yield	
Par Value	69,755,000.00	69,755,000.00		69,755,000.00
+ Accrued Interest				
+ Premium (Discount)	4,883,289.00	4,883,289.00		4,883,289.00
- Underwriter's Discount	(277,937.12)	(277,937.12)		
- Cost of Issuance Expense		(342,600.00)		
- Other Amounts		(314,168.61)		(314,168.61)
Target Value	74,360,351.88	73,703,583.27		74,324,120.39

Bond Summary Statistics

Series 2016A (Sewer Treatment Plant)

Target Date	12/1/2016	12/1/2016	12/1/2016
Yield	3.911604%	3.983839%	3.671342%

Bond Pricing

Series 2016A (Sewer Treatment Plant)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date
Serial Bonds (2016A):							
	12/1/2017	1,140,000	3.000%	1.070%	101.914		
	12/1/2018	1,180,000	4.000%	1.280%	105.354		
	12/1/2019	1,225,000	4.000%	1.470%	107.398		
	12/1/2020	1,285,000	5.000%	1.660%	112.874		
	12/1/2021	1,350,000	5.000%	1.860%	114.925		
	12/1/2022	1,420,000	5.000%	2.040%	116.636		
	12/1/2023	1,490,000	5.000%	2.290%	117.435		
	12/1/2024	1,565,000	5.000%	2.510%	117.945		
	12/1/2025	1,650,000	5.000%	2.710%	118.180		
	12/1/2026	1,730,000	5.000%	2.810%	118.976		
	12/1/2027	1,820,000	5.000%	2.920%	117.925 C	3.068%	12/1/2026
	12/1/2028	1,895,000	3.000%	3.230%	97.726		
	12/1/2029	1,960,000	4.000%	3.310%	105.833 C	3.440%	12/1/2026
	12/1/2030	2,040,000	4.000%	3.420%	104.877 C	3.555%	12/1/2026
	12/1/2031	2,125,000	4.000%	3.540%	103.845 C	3.665%	12/1/2026
	12/1/2032	2,210,000	4.000%	3.660%	102.825 C	3.763%	12/1/2026
	12/1/2033	2,300,000	4.000%	3.710%	102.404 C	3.807%	12/1/2026
	12/1/2034	2,390,000	3.625%	3.840%	97.224		
	12/1/2035	2,485,000	4.000%	3.800%	101.651 C	3.876%	12/1/2026
	12/1/2036	2,585,000	4.000%	3.830%	101.401 C	3.898%	12/1/2026
		35,845,000					
Term Bond due 2041 (2016A):							
	12/1/2037	2,705,000	5.000%	3.630%	111.403 C	4.255%	12/1/2026
	12/1/2038	2,845,000	5.000%	3.630%	111.403 C	4.255%	12/1/2026
	12/1/2039	2,990,000	5.000%	3.630%	111.403 C	4.255%	12/1/2026
	12/1/2040	3,145,000	5.000%	3.630%	111.403 C	4.255%	12/1/2026
	12/1/2041	3,305,000	5.000%	3.630%	111.403 C	4.255%	12/1/2026
		14,990,000					
Term Bond due 2046 (2016A):							
	12/1/2042	2,220,000	4.000%	4.080%	98.622		
	12/1/2043	2,360,000	4.000%	4.080%	98.622		
	12/1/2044	2,515,000	4.000%	4.080%	98.622		
	12/1/2045	2,670,000	4.000%	4.080%	98.622		
	12/1/2046	2,835,000	4.000%	4.080%	98.622		
		12,600,000					
Term Bond due 2046 (2016A):							
	12/1/2042	1,245,000	5.000%	3.680%	110.960 C	4.343%	12/1/2026
	12/1/2043	1,255,000	5.000%	3.680%	110.960 C	4.343%	12/1/2026
	12/1/2044	1,260,000	5.000%	3.680%	110.960 C	4.343%	12/1/2026
	12/1/2045	1,275,000	5.000%	3.680%	110.960 C	4.343%	12/1/2026
	12/1/2046	1,285,000	5.000%	3.680%	110.960 C	4.343%	12/1/2026
		6,320,000					
		69,755,000					

Dated Date 12/1/2016

Bond Pricing

Series 2016A (Sewer Treatment Plant)

First Coupon	6/1/2017	
Par Amount	69,755,000.00	
Premium	4,883,289.00	
Production	74,638,289.00	107.000629%
Underwriter's Discount	(277,937.12)	(0.398448)
Purchase Price	74,360,351.88	106.602182%
Accrued Interest		
Net Proceeds	74,360,351.88	

Call Price	Premium (-Discount)	Takedown
	21,819.60	0.750
	63,177.20	3.000
	90,625.50	3.000
	165,430.90	3.000
	201,487.50	3.000
	236,231.20	3.000
	259,781.50	3.000
	280,839.25	3.000
	299,970.00	3.000
	328,284.80	3.000
100.000	326,235.00	3.000
	(43,092.30)	3.000
100.000	114,326.80	3.000
100.000	99,490.80	3.000
100.000	81,706.25	3.000
100.000	62,432.50	3.000
100.000	55,292.00	3.000
	(66,346.40)	3.000
100.000	41,027.35	3.000
100.000	36,215.85	3.000
	2,654,935.30	
100.000	308,451.15	3.250
100.000	324,415.35	3.250
100.000	340,949.70	3.250
100.000	358,624.35	3.250
100.000	376,869.15	3.250
	1,709,309.70	
	(30,591.60)	3.250
	(32,520.80)	3.250
	(34,656.70)	3.250
	(36,792.60)	3.250
	(39,066.30)	3.250
	(173,628.00)	
100.000	136,452.00	3.250
100.000	137,548.00	3.250
100.000	138,096.00	3.250
100.000	139,740.00	3.250
100.000	140,836.00	3.250
	692,672.00	
	4,883,289.00	

Bond Debt Service

Series 2016A (Sewer Treatment Plant)

Dated Date 12/1/2016

Delivery Date 12/1/2016

Period Ending	Principal	Coupon	Interest	Debt Service
6/30/2017			1,543,543.75	1,543,543.75
6/30/2018	1,140,000	3.000%	3,069,987.50	4,209,987.50
6/30/2019	1,180,000	4.000%	3,029,287.50	4,209,287.50
6/30/2020	1,225,000	4.000%	2,981,187.50	4,206,187.50
6/30/2021	1,285,000	5.000%	2,924,562.50	4,209,562.50
6/30/2022	1,350,000	5.000%	2,858,687.50	4,208,687.50
6/30/2023	1,420,000	5.000%	2,789,437.50	4,209,437.50
6/30/2024	1,490,000	5.000%	2,716,687.50	4,206,687.50
6/30/2025	1,565,000	5.000%	2,640,312.50	4,205,312.50
6/30/2026	1,650,000	5.000%	2,559,937.50	4,209,937.50
6/30/2027	1,730,000	5.000%	2,475,437.50	4,205,437.50
6/30/2028	1,820,000	5.000%	2,386,687.50	4,206,687.50
6/30/2029	1,895,000	3.000%	2,312,762.50	4,207,762.50
6/30/2030	1,960,000	4.000%	2,245,137.50	4,205,137.50
6/30/2031	2,040,000	4.000%	2,165,137.50	4,205,137.50
6/30/2032	2,125,000	4.000%	2,081,837.50	4,206,837.50
6/30/2033	2,210,000	4.000%	1,995,137.50	4,205,137.50
6/30/2034	2,300,000	4.000%	1,904,937.50	4,204,937.50
6/30/2035	2,390,000	3.625%	1,815,618.75	4,205,618.75
6/30/2036	2,485,000	4.000%	1,722,600.00	4,207,600.00
6/30/2037	2,585,000	4.000%	1,621,200.00	4,206,200.00
6/30/2038	2,705,000	5.000%	1,501,875.00	4,206,875.00
6/30/2039	2,845,000	5.000%	1,363,125.00	4,208,125.00
6/30/2040	2,990,000	5.000%	1,217,250.00	4,207,250.00
6/30/2041	3,145,000	5.000%	1,063,875.00	4,208,875.00
6/30/2042	3,305,000	5.000%	902,625.00	4,207,625.00
6/30/2043	3,465,000	**	744,475.00	4,209,475.00
6/30/2044	3,615,000	**	590,375.00	4,205,375.00
6/30/2045	3,775,000	**	430,000.00	4,205,000.00
6/30/2046	3,945,000	**	262,925.00	4,207,925.00
6/30/2047	4,120,000	**	88,825.00	4,208,825.00
	69,755,000		58,005,475.00	127,760,475.00

Bond Debt Service

Series 2016A (Sewer Treatment Plant)

Dated Date 12/1/2016

Delivery Date 12/1/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/1/2017			1,543,543.75	1,543,543.75	
6/30/2017					1,543,543.75
12/1/2017	1,140,000	3.000%	1,543,543.75	2,683,543.75	
6/1/2018			1,526,443.75	1,526,443.75	
6/30/2018					4,209,987.50
12/1/2018	1,180,000	4.000%	1,526,443.75	2,706,443.75	
6/1/2019			1,502,843.75	1,502,843.75	
6/30/2019					4,209,287.50
12/1/2019	1,225,000	4.000%	1,502,843.75	2,727,843.75	
6/1/2020			1,478,343.75	1,478,343.75	
6/30/2020					4,206,187.50
12/1/2020	1,285,000	5.000%	1,478,343.75	2,763,343.75	
6/1/2021			1,446,218.75	1,446,218.75	
6/30/2021					4,209,562.50
12/1/2021	1,350,000	5.000%	1,446,218.75	2,796,218.75	
6/1/2022			1,412,468.75	1,412,468.75	
6/30/2022					4,208,687.50
12/1/2022	1,420,000	5.000%	1,412,468.75	2,832,468.75	
6/1/2023			1,376,968.75	1,376,968.75	
6/30/2023					4,209,437.50
12/1/2023	1,490,000	5.000%	1,376,968.75	2,866,968.75	
6/1/2024			1,339,718.75	1,339,718.75	
6/30/2024					4,206,687.50
12/1/2024	1,565,000	5.000%	1,339,718.75	2,904,718.75	
6/1/2025			1,300,593.75	1,300,593.75	
6/30/2025					4,205,312.50
12/1/2025	1,650,000	5.000%	1,300,593.75	2,950,593.75	
6/1/2026			1,259,343.75	1,259,343.75	
6/30/2026					4,209,937.50
12/1/2026	1,730,000	5.000%	1,259,343.75	2,989,343.75	
6/1/2027			1,216,093.75	1,216,093.75	
6/30/2027					4,205,437.50
12/1/2027	1,820,000	5.000%	1,216,093.75	3,036,093.75	
6/1/2028			1,170,593.75	1,170,593.75	
6/30/2028					4,206,687.50
12/1/2028	1,895,000	3.000%	1,170,593.75	3,065,593.75	
6/1/2029			1,142,168.75	1,142,168.75	
6/30/2029					4,207,762.50
12/1/2029	1,960,000	4.000%	1,142,168.75	3,102,168.75	
6/1/2030			1,102,968.75	1,102,968.75	
6/30/2030					4,205,137.50
12/1/2030	2,040,000	4.000%	1,102,968.75	3,142,968.75	
6/1/2031			1,062,168.75	1,062,168.75	
6/30/2031					4,205,137.50
12/1/2031	2,125,000	4.000%	1,062,168.75	3,187,168.75	
6/1/2032			1,019,668.75	1,019,668.75	

Bond Debt Service

Series 2016A (Sewer Treatment Plant)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2032	2,210,000	4.000%	1,019,668.75	3,229,668.75	
6/1/2033			975,468.75	975,468.75	
6/30/2033					4,205,137.50
12/1/2033	2,300,000	4.000%	975,468.75	3,275,468.75	
6/1/2034			929,468.75	929,468.75	
6/30/2034					4,204,937.50
12/1/2034	2,390,000	3.625%	929,468.75	3,319,468.75	
6/1/2035			886,150.00	886,150.00	
6/30/2035					4,205,618.75
12/1/2035	2,485,000	4.000%	886,150.00	3,371,150.00	
6/1/2036			836,450.00	836,450.00	
6/30/2036					4,207,600.00
12/1/2036	2,585,000	4.000%	836,450.00	3,421,450.00	
6/1/2037			784,750.00	784,750.00	
6/30/2037					4,206,200.00
12/1/2037	2,705,000	5.000%	784,750.00	3,489,750.00	
6/1/2038			717,125.00	717,125.00	
6/30/2038					4,206,875.00
12/1/2038	2,845,000	5.000%	717,125.00	3,562,125.00	
6/1/2039			646,000.00	646,000.00	
6/30/2039					4,208,125.00
12/1/2039	2,990,000	5.000%	646,000.00	3,636,000.00	
6/1/2040			571,250.00	571,250.00	
6/30/2040					4,207,250.00
12/1/2040	3,145,000	5.000%	571,250.00	3,716,250.00	
6/1/2041			492,625.00	492,625.00	
6/30/2041					4,208,875.00
12/1/2041	3,305,000	5.000%	492,625.00	3,797,625.00	
6/1/2042			410,000.00	410,000.00	
6/30/2042					4,207,625.00
12/1/2042	3,465,000	**	410,000.00	3,875,000.00	
6/1/2043			334,475.00	334,475.00	
6/30/2043					4,209,475.00
12/1/2043	3,615,000	**	334,475.00	3,949,475.00	
6/1/2044			255,900.00	255,900.00	
6/30/2044					4,205,375.00
12/1/2044	3,775,000	**	255,900.00	4,030,900.00	
6/1/2045			174,100.00	174,100.00	
6/30/2045					4,205,000.00
12/1/2045	3,945,000	**	174,100.00	4,119,100.00	
6/1/2046			88,825.00	88,825.00	
6/30/2046					4,207,925.00
12/1/2046	4,120,000	**	88,825.00	4,208,825.00	
6/30/2047					4,208,825.00
	69,755,000		58,005,475.00	127,760,475.00	127,760,475.00

Cost of Issuance

Series 2016A (Sewer Treatment Plant)

Cost of Issuance	$/1000	Amount
Bond Counsel	2.15038	150,000.00
Trustee	0.07168	5,000.00
Financial Advisor	1.18271	82,500.00
Moody's	0.57344	40,000.00
S&P	0.48742	34,000.00
Printer	0.08745	6,100.00
DAC	0.14336	10,000.00
Miscellaneous	0.21504	15,000.00
	4.91148	342,600.00

Underwriter's Discount

Series 2016A (Sewer Treatment Plant)

Underwriter's Discount	$/1000	Amount
Average Takedown	3.08476	215,177.50
Underwriter's Counsel	0.64512	45,000.00
i-Deal Bookrunning	0.06728	4,693.45
Electronic Order Monitor	0.01633	1,139.19
Wire Charges	0.00211	146.98
CUSIP Fee	0.01355	945.00
Disclosure Fee	0.00050	35.00
DTC	0.01147	800.00
Misc.	0.14336	10,000.00
	3.98448	277,937.12

Form 8038 Statistics

Series 2016A (Sewer Treatment Plant)

Dated Date 12/1/2016

Delivery Date 12/1/2016

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds (2016A):						
	12/1/2017	1,140,000.00	3.000%	101.914	1,161,819.60	1,140,000.00
	12/1/2018	1,180,000.00	4.000%	105.354	1,243,177.20	1,180,000.00
	12/1/2019	1,225,000.00	4.000%	107.398	1,315,625.50	1,225,000.00
	12/1/2020	1,285,000.00	5.000%	112.874	1,450,430.90	1,285,000.00
	12/1/2021	1,350,000.00	5.000%	114.925	1,551,487.50	1,350,000.00
	12/1/2022	1,420,000.00	5.000%	116.636	1,656,231.20	1,420,000.00
	12/1/2023	1,490,000.00	5.000%	117.435	1,749,781.50	1,490,000.00
	12/1/2024	1,565,000.00	5.000%	117.945	1,845,839.25	1,565,000.00
	12/1/2025	1,650,000.00	5.000%	118.180	1,949,970.00	1,650,000.00
	12/1/2026	1,730,000.00	5.000%	118.976	2,058,284.80	1,730,000.00
	12/1/2027	1,820,000.00	5.000%	117.925	2,146,235.00	1,820,000.00
	12/1/2028	1,895,000.00	3.000%	97.726	1,851,907.70	1,895,000.00
	12/1/2029	1,960,000.00	4.000%	105.833	2,074,326.80	1,960,000.00
	12/1/2030	2,040,000.00	4.000%	104.877	2,139,490.80	2,040,000.00
	12/1/2031	2,125,000.00	4.000%	103.845	2,206,706.25	2,125,000.00
	12/1/2032	2,210,000.00	4.000%	102.825	2,272,432.50	2,210,000.00
	12/1/2033	2,300,000.00	4.000%	102.404	2,355,292.00	2,300,000.00
	12/1/2034	2,390,000.00	3.625%	97.224	2,323,653.60	2,390,000.00
	12/1/2035	2,485,000.00	4.000%	101.651	2,526,027.35	2,485,000.00
	12/1/2036	2,585,000.00	4.000%	101.401	2,621,215.85	2,585,000.00
Term Bond due 2041 (2016A):						
	12/1/2037	2,705,000.00	5.000%	111.403	3,013,451.15	2,705,000.00
	12/1/2038	2,845,000.00	5.000%	111.403	3,169,415.35	2,845,000.00
	12/1/2039	2,990,000.00	5.000%	111.403	3,330,949.70	2,990,000.00
	12/1/2040	3,145,000.00	5.000%	111.403	3,503,624.35	3,145,000.00
	12/1/2041	3,305,000.00	5.000%	111.403	3,681,869.15	3,305,000.00
Term Bond due 2046 (2016A):						
	12/1/2042	2,220,000.00	4.000%	98.622	2,189,408.40	2,220,000.00
	12/1/2043	2,360,000.00	4.000%	98.622	2,327,479.20	2,360,000.00
	12/1/2044	2,515,000.00	4.000%	98.622	2,480,343.30	2,515,000.00
	12/1/2045	2,670,000.00	4.000%	98.622	2,633,207.40	2,670,000.00
	12/1/2046	2,835,000.00	4.000%	98.622	2,795,933.70	2,835,000.00
Term Bond due 2046 (2016A):						
	12/1/2042	1,245,000.00	5.000%	110.960	1,381,452.00	1,245,000.00
	12/1/2043	1,255,000.00	5.000%	110.960	1,392,548.00	1,255,000.00
	12/1/2044	1,260,000.00	5.000%	110.960	1,398,096.00	1,260,000.00
	12/1/2045	1,275,000.00	5.000%	110.960	1,414,740.00	1,275,000.00
	12/1/2046	1,285,000.00	5.000%	110.960	1,425,836.00	1,285,000.00
		69,755,000.00			74,638,289.00	69,755,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturit	12/1/2046	4.338%	4,221,769.70	4,120,000.00		

Form 8038 Statistics

Series 2016A (Sewer Treatment Plant)

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Entire Issue			74,638,289.00	69,755,000.00	18.5215	3.6713%

Proceeds used for accrued interest	
Proceeds used for bond issuance costs (including underwriters' discount)	620,537.12
Proceeds used for credit enhancement	314,168.61
Proceeds allocated to reasonably required reserve or replacement fund	

Proof of Arbitrage Yield

Series 2016A (Sewer Treatment Plant)

Date	Debt Service	Present Value to 12/01/2016 @ 3.6713420109 %
6/1/2017	1,543,543.75	1,515,720.12
12/1/2017	2,683,543.75	2,587,669.59
6/1/2018	1,526,443.75	1,445,376.59
12/1/2018	2,706,443.75	2,516,513.64
6/1/2019	1,502,843.75	1,372,189.79
12/1/2019	2,727,843.75	2,445,794.22
6/1/2020	1,478,343.75	1,301,595.16
12/1/2020	2,763,343.75	2,389,106.33
6/1/2021	1,446,218.75	1,227,819.77
12/1/2021	2,796,218.75	2,331,158.75
6/1/2022	1,412,468.75	1,156,324.23
12/1/2022	2,832,468.75	2,277,015.44
6/1/2023	1,376,968.75	1,086,988.63
12/1/2023	2,866,968.75	2,222,408.80
6/1/2024	1,339,718.75	1,019,799.27
12/1/2024	2,904,718.75	2,171,226.94
6/1/2025	1,300,593.75	954,647.11
12/1/2025	2,950,593.75	2,126,721.83
6/1/2026	1,259,343.75	891,344.59
12/1/2026	34,454,343.75	23,946,684.67
6/1/2027	471,143.75	321,554.74
12/1/2027	471,143.75	315,758.46
6/1/2028	471,143.75	310,066.65
12/1/2028	2,366,143.75	1,529,124.41
6/1/2029	442,718.75	280,950.42
12/1/2029	442,718.75	275,886.06
6/1/2030	442,718.75	270,912.99
12/1/2030	442,718.75	266,029.56
6/1/2031	442,718.75	261,234.16
12/1/2031	442,718.75	256,525.20
6/1/2032	442,718.75	251,901.12
12/1/2032	442,718.75	247,360.40
6/1/2033	442,718.75	242,901.53
12/1/2033	2,742,718.75	1,477,691.17
6/1/2034	396,718.75	209,886.84
12/1/2034	2,786,718.75	1,447,757.03
6/1/2035	353,400.00	180,288.97
12/1/2035	2,838,400.00	1,421,923.67
6/1/2036	303,700.00	149,398.95
12/1/2036	2,888,700.00	1,395,421.04
6/1/2037	252,000.00	119,537.30
12/1/2037	252,000.00	117,382.54
6/1/2038	252,000.00	115,266.63
12/1/2038	252,000.00	113,188.85
6/1/2039	252,000.00	111,148.53
12/1/2039	252,000.00	109,144.99
6/1/2040	252,000.00	107,177.56

12/1/2040	252,000.00	105,245.60
6/1/2041	252,000.00	103,348.46
12/1/2041	252,000.00	101,485.52
6/1/2042	252,000.00	99,656.16

Proof of Arbitrage Yield

Series 2016A (Sewer Treatment Plant)

Date	Debt Service	Present Value to 12/01/2016 @ 3.6713420109 %
12/1/2042	2,472,000.00	959,957.80
6/1/2043	207,600.00	79,164.61
12/1/2043	2,567,600.00	961,459.91
6/1/2044	160,400.00	58,980.47
12/1/2044	2,675,400.00	966,034.59
6/1/2045	110,100.00	39,038.34
12/1/2045	2,780,100.00	967,975.83
6/1/2046	56,700.00	19,385.96
12/1/2046	2,891,700.00	970,861.94
	110,640,975.00	74,324,120.39

Proceeds Summary

Delivery date	12/1/2016
Par Value	69,755,000.00
Premium (Discount)	4,883,289.00
Arbitrage expenses	(314,168.61)

Target for yield calculation	74,324,120.39

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 12/01/2016 @ 3.671342010 9%
2016A_S	12/1/2027	5.000%	2.920%	12/1/2026	100.000	(125,361.92)
2016A_S	12/1/2029	4.000%	3.310%	12/1/2026	100.000	(60,816.50)
2016A_S	12/1/2030	4.000%	3.420%	12/1/2026	100.000	(43,796.40)
2016A_S	12/1/2031	4.000%	3.540%	12/1/2026	100.000	(23,691.25)
2016A_S	12/1/2032	4.000%	3.660%	12/1/2026	100.000	(2,096.90)
2016T462	12/1/2042	5.000%	3.680%	12/1/2026	100.000	958.43
2016T462	12/1/2043	5.000%	3.680%	12/1/2026	100.000	966.13
2016T462	12/1/2044	5.000%	3.680%	12/1/2026	100.000	969.98
2016T462	12/1/2045	5.000%	3.680%	12/1/2026	100.000	981.53
2016T462	12/1/2046	5.000%	3.680%	12/1/2026	100.000	989.22
2016_T41	12/1/2037	5.000%	3.630%	12/1/2026	100.000	(9,900.78)
2016_T41	12/1/2038	5.000%	3.630%	12/1/2026	100.000	(10,413.20)
2016_T41	12/1/2039	5.000%	3.630%	12/1/2026	100.000	(10,943.93)
2016_T41	12/1/2040	5.000%	3.630%	12/1/2026	100.000	(11,511.25)

2016_T41	12/1/2041	5.000%	3.630%	12/1/2026	100.000	(12,096.88)

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 12/01/2016 @ 3.671342010 9%	Increase to NPV
2016A_S	12/1/2027	5.000%	2.920%			(109,006.79)	16,355.13
2016A_S	12/1/2029	4.000%	3.310%			(48,207.44)	12,609.06
2016A_S	12/1/2030	4.000%	3.420%			(26,606.90)	17,189.50
2016A_S	12/1/2031	4.000%	3.540%			(1,701.64)	21,989.61
2016A_S	12/1/2032	4.000%	3.660%			24,867.79	26,964.69
2016T462	12/1/2042	5.000%	3.680%			139,144.16	138,185.73

Proof of Arbitrage Yield

Series 2016A (Sewer Treatment Plant)

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 12/01/2016 @ 3.671342010 9%	Increase to NPV
2016T462	12/1/2043	5.000%	3.680%			146,563.06	145,596.93
2016T462	12/1/2044	5.000%	3.680%			153,247.34	152,277.36
2016T462	12/1/2045	5.000%	3.680%			161,024.16	160,042.63
2016T462	12/1/2046	5.000%	3.680%			168,071.89	167,082.67
2016_T41	12/1/2037	5.000%	3.630%			214,494.40	224,395.18
2016_T41	12/1/2038	5.000%	3.630%			242,730.08	253,143.28
2016_T41	12/1/2039	5.000%	3.630%			272,465.44	283,409.37
2016_T41	12/1/2040	5.000%	3.630%			304,201.77	315,713.02
2016_T41	12/1/2041	5.000%	3.630%			337,524.47	349,621.35

Bond Debt Service to Call

Series 2016A (Sewer Treatment Plant)

Dated Date 12/1/2016

Delivery Date 12/1/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Principal Redeemed	Total
6/30/2017			1,543,543.75	1,543,543.75		1,543,543.75
6/30/2018	1,140,000	3.000%	3,069,987.50	4,209,987.50		4,209,987.50
6/30/2019	1,180,000	4.000%	3,029,287.50	4,209,287.50		4,209,287.50
6/30/2020	1,225,000	4.000%	2,981,187.50	4,206,187.50		4,206,187.50
6/30/2021	1,285,000	5.000%	2,924,562.50	4,209,562.50		4,209,562.50
6/30/2022	1,350,000	5.000%	2,858,687.50	4,208,687.50		4,208,687.50
6/30/2023	1,420,000	5.000%	2,789,437.50	4,209,437.50		4,209,437.50
6/30/2024	1,490,000	5.000%	2,716,687.50	4,206,687.50		4,206,687.50
6/30/2025	1,565,000	5.000%	2,640,312.50	4,205,312.50		4,205,312.50
6/30/2026	1,650,000	5.000%	2,559,937.50	4,209,937.50		4,209,937.50
6/30/2027	1,730,000	5.000%	1,259,343.75	2,989,343.75	55,720,000	58,709,343.75
	14,035,000		28,372,975.00	42,407,975.00	55,720,000	98,127,975.00

BOND CONSTRUCTION TRUST FUND AGREEMENT

THIS BOND CONSTRUCTION TRUST FUND AGREEMENT is dated as of December 1, 2016, and is by and between **THE CITY OF MORGANTOWN,** a municipal corporation and political subdivision of the State of West Virginia (the "City"), and **UNITED BANK, INC.** (the "Bank").

RECITALS

The City is, simultaneously with the execution and delivery of this Bond Construction Trust Fund Agreement, issuing its Combined Utility System Revenue Bonds, Series 2016 A, dated December 1, 2016 (the "Series 2016 A Bonds") pursuant to the Bond Ordinance passed by the City on February 2, 2016, as supplemented by a Supplemental Resolution adopted on November 1, 2016 and a Certificate of Determinations dated November 15, 2016 (collectively, the "Bond Ordinance"). The Bonds are being issued to provide funds to finance the acquisition, construction and equipping of the Project, as defined in the Bond Ordinance. The Project will be administered by the Morgantown Utility Board ("MUB").

NOW, THEREFORE, the parties agree as follows:

SECTION 1. DEFINITIONS

In this Bond Construction Trust Fund Agreement, the term ***"Costs of the Project"*** means all costs of the design, acquisition and construction of the Project, to pay the premium for a municipal bond debt service reserve policy to fund the Series 2016 A reserve account and pay costs of issuance. Such costs shall be deemed to include (i) the cost of all property rights, easements and franchises deemed necessary or convenient therefor; (ii) repayment of any interim financing notes; interest on the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; (iii) engineering and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; (iv) other expenses necessary or incident to determining the feasibility or practicability of the enterprise; (v) administrative expense, any fees or expenses of the Original Purchaser, commitment fees, premiums for municipal bond insurance policy, debt service reserve account policy, or debt service reserve surety bond; (vi) letter of credit fees; (vii) underwriter's discount; (viii) rating agency fees; (ix) initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds, and (x) such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the City or MUB for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of the indebtedness incurred by the City or MUB for such purposes shall be deemed part of the Cost of the Project.

In addition, any capitalized terms used in this Bond Construction Trust Fund Agreement and not otherwise defined shall have the meanings assigned thereto in the Bond Ordinance.

SECTION 2. CONSTRUCTION TRUST FUND.

2.1. Construction Trust Fund. On the date of issuance of the Bonds (the "Closing Date"), the City will deposit $74,046,183.27 into a special account for the City at the Bank to be designated "The City of Morgantown Series 2016 A Bonds Construction Trust Fund" (the "Construction Trust Fund"). This account shall be held separate and apart from all other funds of the City and the Bank. The Construction Trust Fund is the City's property, but MUB is hereby authorized to withdraw amounts on deposit in the Construction Trust Fund only as provided in the Bond Ordinance and this Bond Construction Trust Fund Agreement and only for application from time to time to the payment of Costs of the Project. Pending such application, such amounts shall be subject to a lien and charge in favor of the registered owners of the Bonds.

2.2. Requisitions from Construction Trust Fund. The City through MUB may withdraw funds from the Construction Trust Fund only after authorization from MUB. The Bank will disburse funds from the Construction Trust Fund to the requested vendors only upon its receipt of one or more written requisitions, substantially in the form of Exhibit A, signed by one of the below listed designated City Representatives.

Name and Title:	Signature:
Timothy Ball, General Manager	
Doug Smith, Assistant General Manager	

The City through MUB may designate additional Representatives to sign requisitions upon written notification to the Bank.

Upon receipt of a requisition from MUB, the Bank will promptly undertake such review of the matters referred to in such requisition as it shall deem appropriate, and will then promptly notify MUB of its approval of the requisition or the reasons for its disapproval.

2.3. Investment. (a) The City and the Bank agree that money in the Construction Trust Fund will be continuously invested and reinvested in a public funds money rate savings account.

(b) From and after the date that is three years from the Closing Date, the City will not purchase or hold any investment which has a "yield," as determined under the Code, in excess of the "yield" on the City's obligations under the Bonds, unless the City has supplied the Bank with a Bond Counsel Opinion to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes to which the interest components of payments under the Bond would otherwise be entitled.

(c) Investment obligations acquired with money in the Construction Trust Fund shall be deemed at all times to be part of the Construction Trust Fund. The interest accruing thereon and any profit or loss realized upon the disposition or maturity of any such investment shall be credited to or charged against the Construction Trust Fund.

(d) All earnings on moneys in the Construction Trust Fund must be used for Costs of the Project.

SECTION 3. MISCELLANEOUS.

3.1. Notices. Any notice or other communication required or contemplated by this Bond Construction Trust Fund Agreement shall be deemed to be delivered if in writing, addressed as provided below and if (a) actually received by such addressee, or (b) in the case of mailing, when indicated to have been delivered by a signed receipt returned by the United States Postal Service after deposit in the United States mails, postage and registry fees prepaid, and clearly directed to be transmitted as registered or certified mail:

(i) If intended for the City, addressed to it at the following address:

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

With copy to:
Morgantown Utility Board
278 Green Bag Road
Morgantown, West Virginia 26501
Attention: General Manager

(ii) If intended for the Bank, addressed to it at the following address:

United Bank, Inc.
500 Virginia Street
Charleston, West Virginia 25301
Attention: The City of Morgantown Series 2016 A Bonds Construction Fund

Any party may designate a different or alternate address for notices by notice given under this Bond Construction Trust Fund Agreement.

3.2. Survival of Covenants and Representations. All covenants, representations and warranties made by the City in this Bond Construction Trust Fund Agreement and in any certificates delivered pursuant to this Bond Construction Trust Fund Agreement shall survive the delivery of this Bond Construction Trust Fund Agreement.

3.3. Choice of Law. The parties intend that West Virginia law shall govern this Bond Construction Trust Fund Agreement.

3.4. Amendments. This Bond Construction Trust Fund Agreement may not be modified or amended unless such amendment is in writing and signed by the Bank or the City.

3.5. No Third-Party Beneficiaries. There are no parties intended to be or which shall be deemed to be third-party beneficiaries of this Bond Construction Trust Fund Agreement.

3.6. Successors and Assigns. All of the covenants and conditions of this Bond Construction Trust Fund Agreement shall be binding upon and inure to the benefit of the parties to this Bond Construction Trust Fund Agreement and their respective successors and assigns.

3.7. Severability. If any court of competent jurisdiction shall hold any provision of this Bond Construction Trust Fund Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Bond Construction Trust Fund Agreement.

3.8. Counterparts. This Bond Construction Trust Fund Agreement may be executed in any number of counterparts, including separate counterparts, each executed counterpart constituting an original but all together only one agreement.

3.9. Termination. Except as otherwise provided in this Bond Construction Trust Fund Agreement, this Bond Construction Trust Fund Agreement shall cease and terminate upon payment of all funds (including investment proceeds) from the Construction Trust Fund.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, each of the parties has caused this Bond Construction Trust Fund Agreement to be signed and delivered by a duly authorized officer, all as of the date first above written.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INC.

By: _____
Its: _____

EXHIBIT A

CONSTRUCTION TRUST FUND REQUISITION

[To Be Prepared on MUB's Letterhead for Submission]

December 1, 2016

_____
United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301

RE: Request for disbursement of funds from the Construction Trust Fund.

Dear _____,

Pursuant to the terms and conditions of the Bond Construction Trust Fund Agreement dated as of December 1, 2016, the Morgantown Utility Board on behalf of The City of Morgantown, requests the disbursement of funds from the Construction Trust Fund established under the Bond Construction Trust Fund Agreement for the following Costs of the Project:

This is requisition number ____ from the Construction Trust Fund.

Amount:

Vendor:

Vendor Address:

Vendor Federal Tax Number:

Applicable Vendor Invoices:

Payee *(if different from vendor; attach explanation)*

Project Description:

Location of Project:

The _____ makes this requisition pursuant to the following representations:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursements theretofore made.

2. Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project.

3. Each of such costs has been otherwise properly incurred.

4. Payment for each of the items proposed is then due and owing.

Attached is evidence that the amounts shown in this requisition are properly payable at this time, such as bills, receipts, invoices, architects' payment certifications or other appropriate documents.

_____

By: ***[Exhibit Form Only – Do Not Sign]***

Title:_____