WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION

Conference Call Meeting

September 26, 2017
3:30 pm

Dial: 1-888-786-7361
Code: 568558

I. Call to Order

II. *Higher Education Policy Commission Bond Refunding

III. Additional Board Action and Comments

IV. Upcoming Meetings

Location: New River Community and Technical College
Beckley, WV
Date: October 12, 2017
Time: 9:30 a.m.

V. Adjournment

* Denotes an item requiring action/approval
ITEM: Higher Education Policy Commission Bond Refunding

INSTITUTIONS: All

RECOMMENDED RESOLUTION: Resolved, That the West Virginia Council for Community and Technical College Education authorizes the West Virginia Higher Education Policy Commission to refund all of the outstanding $78,295,000 State of West Virginia Higher Education Policy Commission Community and Technical College Capital Improvement Revenue Bonds, 2009 Series A; and in connection therewith, issue up to $82,000,000 aggregate principal amount of the State of West Virginia Higher Education Policy Commission Community and Technical College Capital Improvement Refunding Revenue Bonds, Series 2017.

Be it Further Resolved, That the Council authorizes the taking of all other actions related to such refunding, and if the final agreement requires additional conditions, they may be presented to the Chancellor, who is hereby delegated the authority to approve the final documents.

STAFF MEMBER: Ed Magee

BACKGROUND:

In light of current bond market interest rates, it is advantageous for the Higher Education Policy Commission to refund the Series 2009 bonds. These bonds are paid from lottery proceeds. If the proposed refunding is approved, the annual debt service will be slightly reduced. Most of the estimated 2009 Series bonds savings will fund some of the costs of projects for some of the community and technical college institutions totaling approximately $5.9 million.

A draft resolution as well as a draft Preliminary Offering Statement are included in this agenda item. Changes may be made to the documents in order to provide potential securities buyers additional clarity.
RESOLUTION

OF THE

WEST VIRGINIA COUNCIL
FOR
COMMUNITY AND TECHNICAL COLLEGE EDUCATION

AUTHORIZING

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
COMMUNITY AND TECHNICAL COLLEGES
CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS,
SERIES 2017

Adopted: [____________], 2017
WEST VIRGINIA COUNCIL
FOR
COMMUNITY AND TECHNICAL COLLEGE EDUCATION
RESOLUTION AUTHORIZING
STATE OF WEST VIRGINIA HIGHER EDUCATION
POLICY COMMISSION
Community and Technical Colleges Capital Improvement
Refunding Revenue Bonds, Series 2017

RESOLUTION AUTHORIZING THE STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION’S REFUNDING OF ALL OF THE OUTSTANDING $78,295,000 STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION COMMUNITY AND TECHNICAL COLLEGES CAPITAL IMPROVEMENT REVENUE BONDS, 2009 SERIES A (THE “PRIOR BONDS”), OF WHICH $66,340,000 IS CURRENTLY OUTSTANDING (THE “BONDS TO BE REFUNDED”), AND IN CONNECTION THERewith THE ISSuANCE OF NOT TO EXCEED $82,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION COMMUNITY AND TECHNICAL COLLEGES CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2017; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH REFUNDING.

WHEREAS, the Legislature of the State of West Virginia, by the enactment of Senate Bill 448 (effective on March 13, 2004), segregated the administration of the institutions of higher education of four-year programs and two-year programs from the Higher Education Policy Commission (the “Commission”) and placed the two-year programs under the West Virginia Council for Community and Technical College Education (the "Council") while leaving the four-year programs under the administration of the Commission, such that the two-year programs are currently administered by the Council;

WHEREAS, the Commission has heretofore entered into, and the Council has heretofore authorized, a Bond Indenture, dated as of December 1, 2009 (the “Original Indenture”) by and between the Commission and the [Trustee], pursuant to which it issued its $78,295,000 State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A Bonds (the “Prior Bonds”), of which $66,340,000 are currently outstanding (the “Bonds to be Refunded”);

WHEREAS, pursuant to the Original Indenture and the Refunding Acts (as hereinafter defined), the Commission is authorized to issue revenue bonds from time to time under the terms and conditions set forth in the Original Indenture for issuing such additional bonds, both (A) to finance the acquisition, construction, expansion and improvements for capital projects and
purchase of equipment for the community and technical colleges (two-year institutions), and (B) to refund, at the discretion of the Commission, bonds issued and outstanding under and pursuant to the provisions of the Act (as hereinafter defined) and the Original Indenture, and the Commission desires to refund the Bonds to be Refunded in order to achieve net debt service savings, and to use some of such net debt service savings to finance a portion of the costs of Series 2017 Projects and to carry out its purposes under the Act, respectively;

WHEREAS, the Commission has determined, and the Council has likewise determined, that (A) refunding the Bonds to be Refunded will be advantageous and that significant net debt service savings can be achieved by refunding the Bonds to be Refunded and (B) using some of such net debt service savings to pay a portion of the costs of certain projects for certain Community and Technical Colleges as set forth in the Series 2017 Project Plan as more particularly described in Exhibit A hereto (collectively, the "Series 2017 Projects") will be advantageous and in the best interests of certain Community and Technical Colleges;

WHEREAS, the Commission has deemed it, and the Council likewise deems that it is, desirable and in keeping with its purposes under the Act, to issue an additional Series of Bonds, constituting Refunding Bonds, as defined in the Original Indenture, to be designated “Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017” (the “Series 2017 Bonds”), for the purposes of (i) refunding the Bonds to be Refunded, in order to achieve net debt service savings, (ii) using such net debt service savings for the purpose of funding a portion of the costs of the Series 2017 Projects, and (iii) paying the Costs of Issuance of the Series 2017 Bonds and other costs of such refunding;

WHEREAS, pursuant to Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended (the “Act”), and Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended (the “Refunding Act,” and collectively, together with the Act, the “Refunding Acts”) and the Original Indenture, the Commission is authorized to issue revenue bonds from time to time to refund, at the discretion of the Commission, revenue bonds issued and outstanding under and pursuant to the provisions of the Act and the Original Indenture, including the Bonds to be Refunded, to carry out its purposes under the Act and Refunding Act, respectively;

WHEREAS, Section 18(j) of Chapter 29, Article 22 of the Code of West Virginia of 1931, as amended (the "Lottery Act"), approved the allocation of certain State Lottery Funds (the "Lottery Pledge") to the Community and Technical College Capital Improvement Fund, a special revenue fund created in the State Treasury (the "Fund"), and the Prior Bonds were secured in part by such Lottery Pledge;

WHEREAS, the Lottery Pledge specifically provides that the lottery director shall, for each fiscal year in which revenue bonds or refunding bonds have been issued, allocate to the Fund for the payment of any revenue bonds or refunding bonds payable from such Fund on the 28th day of each month commencing in July of each such fiscal year, an amount equal to one-tenth of the next succeeding fiscal year's projected annual principal, interest and coverage ratio requirements on any such revenue or refunding bonds then outstanding up to an amount equal to the lesser of (i) the principal, interest and coverage ratio requirements certified to the lottery
director or (ii) five million dollars ($5,000,000.00), with such monthly allocation not to exceed in any event $500,000 per month, for as long as such bonds are outstanding;

WHEREAS, the Lottery Act authorizes the Commission to issue refunding revenue bonds on behalf of the Council for which lottery funds are pledged as provided in the foregoing recital, which bonds shall have a third-in-priority lien on the net profits deposited in the State Lottery Fund, and the Prior Bonds were issued, and the Series 2017 Bonds shall be issued, on this basis and were secured in part by the Lottery Pledge and such third-in-priority lien;

WHEREAS, the Lottery Act authorizes the Commission to grant a third-in-priority lien on the proceeds of the State Lottery Fund up to a maximum amount equal to the projected annual principal, interest and coverage ratio requirements, not to exceed seven and a half million dollars ($7,500,000.00) annually, in favor of bonds it issues which are secured by the net profits deposited in the State Lottery Fund, and the Prior Bonds were issued, and the Series 2017 Bonds shall be issued, with the benefit of such third-in-priority lien on the proceeds of the State Lottery Fund up to such annual maximum;

WHEREAS, the Commission has determined, and the Council has concurred, (A) that it is advantageous, necessary and desirable to issue its Series 2017 Bonds for the purposes of (i) refunding the Bonds to be Refunded, in order to achieve net debt service savings, (ii) using such net debt service savings for the purpose of funding a portion of the costs of the Series 2017 Projects, and (iii) paying the Costs of Issuance of the Series 2017 Bonds and other costs of such refunding, and (B) that the Series 2017 Bonds shall be payable from and secured by the Fund described herein and in the Original Indenture, subject to the terms, conditions, limitations and restrictions contained herein;

WHEREAS, the Council believes it is in its best interests for the Commission to issue and secure the Series 2017 Bonds under and pursuant to a First Supplemental Trust Indenture (the “First Supplemental Indenture”) to be dated as of [_______________], 2017, or as of such other date as may be approved by an Authorized Officer (as hereinafter defined) of the Commission and [The Bank of New York Mellon, a New York banking corporation duly authorized to exercise corporate trust powers under the laws of the State of West Virginia and qualified to accept and administer the trusts hereby created, with its principal place of business located in West Paterson, New Jersey,] as Trustee (the “Trustee”);

WHEREAS, this Resolution constitutes action giving the Council’s final approval for the Commission’s issuance of the Series 2017 Bonds and the refunding of the Bonds to be Refunded.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION, AS FOLLOWS:

Section 1. Approval of Issuance of Series 2017 Bonds and Refunding of the Bonds to be Refunded. The issuance by the Commission of the Series 2017 Bonds within the
parameters it may set forth and the refunding of the Bonds to be Refunded, for the purposes stated herein (including in the recitals hereto), are hereby approved and authorized.

**Section 2. Approval of the Series 2017 Project Plan.** The Series 2017 Project Plan, as more particularly described in Exhibit A hereto, is, and the Series 2017 Projects each are, hereby approved and authorized.

**Section 3. Formal Actions.** The Council hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of the Council, and that all deliberations of the Council which resulted in formal action were meetings open to the public, in full compliance with all applicable legal requirements.

**Section 4. Further Actions.** The Chancellor, the Vice Chancellor, and/or a designee of the Chancellor or the Vice Chancellor are each hereby authorized and directed to take such action as may be necessary or appropriate in order to effectuate the issuance and sale of the Series 2017 Bonds, and for carrying out the transactions contemplated by this Resolution, all in accordance with the Act, the other provisions of the Code of West Virginia, 1931, as amended, and the provisions hereof.

**Section 5. Expenses and Fees.** All expenses incurred by the Council and/or Commission in connection with the Series 2017 Bonds, including reasonable attorneys’ fees, shall be reimbursed to the Council from the proceeds of the Series 2017 Bonds.

**Section 6. Effective Date.** This Resolution shall take effect immediately upon its adoption, and all prior resolutions or parts thereof inconsistent herewith are hereby repealed.

Adopted this [__] day of [_______________], 2017.

WEST VIRGINIA COUNCIL FOR COMMUNITY AND TECHNICAL COLLEGE EDUCATION

By: __________________________
Its: Chair

By: __________________________
Its: Secretary
EXHIBIT A

Series 2017 Project Plan

[HEPC staff is currently reviewing the list of eligible projects to identify those with the size and scope commensurate with the anticipated available funds from the Project Fund. We anticipate circulating an updated Exhibit A for your review prior to next week’s meeting.]
CERTIFICATION

The undersigned, being the duly qualified, elected and acting Secretary of the West Virginia Council for Community and Technical College Education, does hereby certify that the foregoing Resolution was duly adopted by the members of the West Virginia Council for Community and Technical College Education at a [regular/special] meeting duly held, pursuant to proper notice thereof, on [____________________], at Charleston, West Virginia, a quorum being present and acting throughout, and which Resolution has not been modified, amended or revoked and is a true, correct and complete copy thereof as witness my hand and the seal of the West Virginia Council for Community and Technical College Education this [__] day of [October], 2017.

[SEAL]

____________________________________
Secretary, West Virginia Council for Community and Technical College Education
HIGHER EDUCATION POLICY COMMISSION,  
as Issuer  

and  

[THE BANK OF NEW YORK MELLON,]  
as Trustee  

FIRST SUPPLEMENTAL BOND INDENTURE  

Dated as of  
October 1, 2017  

Supplemental to the  
Bond Indenture  
Dated as of December 1, 2017,  
And in connection with the issuance of:  

$________________
STATE OF WEST VIRGINIA  
HIGHER EDUCATION POLICY COMMISSION  
COMMUNITY AND TECHNICAL COLLEGES  
CAPITAL IMPROVEMENT REFUNDING REVENUE BONDS,  
SERIES 2017
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FIRST SUPPLEMENTAL BOND INDENTURE

This First Supplemental Bond Indenture, dated as of October 1, 2017, (this “First Supplemental Indenture”), between Higher Education Policy Commission (the "Commission"), an agency of the State of West Virginia, and The Bank of New York Mellon, a New York banking corporation duly authorized to exercise corporate trust powers under the laws of the State of West Virginia and qualified to accept and administer the trusts hereby created, with its principal place of business located in West Paterson, New Jersey,] as Trustee (together with any successor under Article VIII hereof, hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Commission has heretofore entered into a Bond Indenture, dated as of December 1, 2009 (the “Original Indenture”), by and between the Commission and the [Trustee], pursuant to which it issued its $78,295,000 State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A Bonds (the “Prior Bonds”), of which an aggregate principal amount of $66,340,000 is outstanding (the “Bonds to be Refunded”);

WHEREAS, pursuant to the Original Indenture and the Act and Refunding Act (each as hereinafter defined), the Commission is authorized to issue additional series of bonds, including refunding bonds, under the terms and conditions set forth in the Original Indenture for issuing such additional bonds;

WHEREAS, the Commission has determined that significant net debt service savings can be achieved by refunding the Bonds to be Refunded;

WHEREAS, the Original Indenture establishes the basic provisions regarding the structure of and security for all bonds to be issued thereunder, including additional bonds that are refunding bonds, and further provides that each series of additional bonds to be issued thereunder from time to time shall be individually authorized by a Supplemental Bond Indenture setting forth the principal amount of such series of additional bonds, the terms and provisions of such series of additional bonds and any other provisions which may be specific to such series of additional bonds;

WHEREAS, the Commission has determined that it should issue its $____________ State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017 Bonds (the “Series 2017 Bonds”), under this First Supplemental Indenture, which supplements the Original Indenture (the Original Indenture, as supplemented by this First Supplemental Indenture, is hereinafter referred to as the “Indenture”), in order to refund the Bonds to be Refunded;

WHEREAS, pursuant to the Act (as hereinafter defined) and the Original Indenture, the Commission is authorized to issue revenue bonds from time to time, both (A) to finance the acquisition, construction, expansion and improvements for capital projects and
purchase of equipment for the community and technical colleges (two-year institutions), and
(B) to refund, at the discretion of the Commission, bonds issued and outstanding under and
pursuant to the provisions of the Act and the Original Indenture, to carry out its purposes under
the Act, respectively;

WHEREAS, the Council desires to acquire, construct, expand and improve
facilities and purchase equipment for certain Community and Technical Colleges as set forth in
the Project Plan as more particularly described in Exhibit A hereeto (collectively, the "Series 2017
Projects");

WHEREAS, the Commission desires to refund the Bonds to be Refunded in
order to achieve net debt service savings, and to use some of such net debt service savings to
finance a portion of the costs of Series 2017 Projects, to carry out its purposes under the Act,
respectively;

WHEREAS, the Legislature of the State of West Virginia, by the enactment
of Senate Bill 448 (effective on March 13, 2004), segregated the administration of the
institutions of higher education of four-year programs and two-year programs from the
Higher Education Policy Commission (the "Commission") and placed the two-year programs
under the West Virginia Council for Community and Technical College Education (the
"Council") while leaving the four-year programs under the administration of the
Commission, such that the two-year programs are currently administered by the Council;

WHEREAS, Section 18(j) of Chapter 29, Article 22 of the Code of West
Virginia of 1931, as amended (the "Lottery Act"), approved the allocation of certain State
Lottery Funds (the "Lottery Pledge") to the Community and Technical College Capital
Improvement Fund, a special revenue fund created in the State Treasury (the "Fund"), and
the Prior Bonds were secured in part by such Lottery Pledge;

WHEREAS, the Lottery Pledge specifically provides that the lottery director
shall, for each fiscal year in which revenue bonds or refunding bonds have been issued,
allocate to the Fund for the payment of any revenue bonds or refunding bonds payable from
such Fund on the 28th day of each month commencing in July of each such fiscal year, an
amount equal to one-tenth of the next succeeding fiscal year's projected annual principal,
interest and coverage ratio requirements on any such revenue or refunding bonds then
outstanding up to an amount equal to the lesser of (i) the principal, interest and coverage ratio
requirements certified to the lottery director or (ii) five million dollars ($5,000,000.00), with
such monthly allocation not to exceed in any event $500,000 per month, for as long as such
bonds are outstanding;

WHEREAS, the Lottery Act authorizes the Commission to issue bonds on
behalf of the Council for which lottery funds are pledged as provided in the foregoing recital,
which bonds shall have a third-in-priority lien on the net profits deposited in the State Lottery
Fund, and the Prior Bonds were issued, and the Series 2017 Bonds shall be issued, on this
basis and were secured in part by the Lottery Pledge and such third-in-priority lien;
WHEREAS, the Lottery Act authorizes the Commission to grant a third-in-priority lien on the proceeds of the State Lottery Fund up to a maximum amount equal to the projected annual principal, interest and coverage ratio requirements, not to exceed seven and a half million dollars ($7,500,000.00) annually, in favor of bonds it issues which are secured by the net profits deposited in the State Lottery Fund, and the Prior Bonds were issued, and the Series 2017 Bonds shall be issued, with the benefit of such third-in-priority lien on the proceeds of the State Lottery Fund up to such annual maximum;

WHEREAS, the Commission adopted a Resolution on September __, 2017 (the “Commission Resolution”), which (A) approved the issuance and sale of the Series 2017 Bonds (i) to refund the Bonds to be Refunded in order to achieve net debt service savings, (ii) to use some of such net debt service savings for the purpose of funding a portion of the Series 2017 Projects, and (iii) to pay the Costs of Issuance of the Series 2017 Bonds, (B) approved a list of specific construction projects in the State approved by the Council (the “Series 2017 Project Plan”), and (C) provided that the Series 2017 Bonds shall be payable from and secured by the Fund described herein and in the Original Indenture, subject to the terms, conditions, limitations and restrictions contained herein;

WHEREAS, the Council adopted a Resolution on September __, 2017 (the “Council Resolution”), which (A) approved the issuance and sale by the Commission of the Series 2017 Bonds (i) to refund the Bonds to be Refunded in order to achieve net debt service savings, (ii) to use some of such net debt service savings for the purpose of funding some of the Series 2017 Projects, and (iii) to pay the Costs of Issuance of the Series 2017 Bonds, (B) approved the Series 2017 Project Plan, and (C) provided that the Series 2017 Bonds shall be payable from and secured by the Pledged Revenues described herein and in the Original Indenture, subject to the terms, conditions, limitations and restrictions contained herein;

WHEREAS, in order to provide for the authentication and delivery of the Series 2017 Bonds, to establish and declare the terms and conditions upon which the Series 2017 Bonds are to be issued, and to secure the payment of the principal or Redemption Price thereof, and interest thereon, the Commission has authorized the execution and delivery of this First Supplemental Indenture;

WHEREAS, all acts and proceedings required by law necessary to make the Series 2017 Bonds, when executed by the Commission, authenticated and delivered by the [Trustee] and duly issued, the valid, binding and legal limited obligations of the Commission, and to constitute this First Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this First Supplemental Indenture have been in all respects duly authorized; and

WHEREAS, the Trustee has accepted the trusts created by the Original Indenture as supplemented by this First Supplemental Indenture (collectively, the “Indenture”), and in evidence thereof has executed this First Supplemental Indenture;
NOW, THEREFORE,
THIS FIRST SUPPLEMENTAL BOND INDENTURE

WITNESSETH:

That in order to secure the payment of the principal or Redemption Price of, and the interest on, the Series 2017 Bonds to be issued under this First Supplemental Indenture and all Bonds at any time issued and outstanding under the Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, the payment of all other amounts due under the Indenture and to declare the terms and conditions upon and subject to which the Series 2017 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2017 Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Commission has executed and delivered this First Supplemental Indenture and by these presents does hereby convey, grant, assign, transfer, pledge, set over and confirm and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, for the benefit of the respective holders from time to time of the Bonds, including the Series 2017 Bonds, all right, title and interest of the Commission in and to the Pledged Revenues, as defined in the Original Indenture, and the present and continuing right to make claim for, collect, receive and receipt for such Pledged Revenues and any and all moneys held by the Trustee in any fund or account under this Indenture and earnings thereon as security for the Bonds, including the Series 2017 Bonds (except the Series 2017 Rebate Fund) (collectively, the "Trust Estate");

TO HAVE AND TO HOLD, all and singular, the properties and the rights and privileges hereby conveyed, assigned and pledged by the Commission or intended so to be, unto the Trustee and its successor or assigns and its or their assigns forever, in trust, nevertheless, for the equal and pro rata benefit and security of each and every holder of the Bonds issued and to be issued hereunder and under the Indenture, including the Series 2017 Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Bond over or from the others, by reason of priority in the issue or negotiation thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of the Bonds shall have the same right, lien and privilege under the Indenture, including this First Supplemental Indenture, and shall be equally secured hereby;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Commission or its successors or assigns shall well and truly pay or cause to be paid the principal of the Bonds with interest, according to the provisions set forth in the Bonds and each of them or shall provide for the payment or redemption of the Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article X hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Commission, then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and
disbursements then unpaid, on demand of the Commission and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Commission such instruments of satisfaction or release as may be necessary or proper to discharge this First Supplemental Indenture, and if necessary shall grant, reassign and deliver to the Commission, its successors or assigns, all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this First Supplemental Indenture shall be and remain in full force.

And it is further agreed between the parties hereto that all Series 2017 Bonds are to be issued, authenticated and delivered, and that the Trust Estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Commission, for itself and its successors, does hereby covenant and agree to and with the Trustee and its respective successors in said trust, for the benefit of those who shall hold the Bonds, or any of them, as follows:

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ARTICLE I
DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this First Supplemental Indenture and of any indenture supplemental to the Original Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this First Supplemental Indenture, all terms used herein shall have the meanings assigned to such terms in the Act, or, if not defined in the Act, the meanings assigned to such terms in the Original Indenture.

Act

"Act" means Chapter 18B, Article 10, Section 8 of the Code of West Virginia, 1931, as amended, as heretofore and hereafter amended or supplemented.

Additional Bonds

"Additional Bonds" has the meaning set forth in the Original Indenture and shall include the Series 2017 Bonds, which are being issued as Additional Bonds pursuant to the provisions of Section 2.13 of the Original Indenture, and all subsequent Bonds (if any) issued on a parity as to lien and source of payment with the Series 2017 Bonds pursuant to the provisions of Section 2.13 of the Original Indenture.

Authorized Officer

"Authorized Officer" means, with respect to the Series 2017 Bonds, the Chairman, the Vice Chairman, the Chancellor, the Vice Chancellor of Administration, and the Chief Financial Officer of the Commission, or any other person designated as an Authorized Officer of the Commission by a Certificate of the Commission signed by the Chairman and filed with the Trustee.

Bond Counsel

"Bond Counsel" means Bowles Rice LLP or such other legal counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the Commission, and not objected to by the Trustee.

Bond Year

"Bond Year" means, with respect to the Series 2017 Bonds, each of the one-year periods during the term of the Series 2017 Bonds, beginning on the second day of July of any calendar year and ending on the first day of July of the following calendar year; provided,
however, that the first Bond Year begins on the Date of Issue of the Series 2017 Bonds and ends on July 1, 2018.

Bonds

"Bonds", as defined in the Original Indenture, shall be construed to include the Series 2017 Bonds and any Additional Bonds hereafter issued within the terms, restrictions and conditions contained in the Indenture.

Certificate of the Commission

"Certificate of the Commission" means a certificate signed by an Authorized Officer of the Commission or other Person duly appointed to act on behalf of the Commission.

Commission Resolution

"Commission Resolution" means the Resolution adopted by the Commission on September __, 2017, authorizing the issuance and sale of the Series 2017 Bonds, as referenced in the preambles hereof.

Continuing Disclosure Agreement

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement to be dated as of the date of closing, by and between the Secretary of the West Virginia Department of Administration and DAC.

Costs of Issuance

"Costs of Issuance" means, with respect to the Series 2017 Bonds, all items of expense directly or indirectly payable by or reimbursable to the Commission and related to the authorization, issuance, sale and delivery of the Series 2017 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Series 2017 Bonds and any other cost, charge or fee in connection with the original issuance of the Series 2017 Bonds.

Council Resolution

"Council Resolution" means the Resolution adopted by the West Virginia Council for Community and Technical College Education on September __, 2017, relating to the issuance and sale of the Series 2017 Bonds to refund the Bonds to be Refunded, as referenced in the preambles hereof.
DAC

“DAC” means Digital Assurance Certification, LLC.

Date of Issue

"Date of Issue" means, with respect to the Series 2017 Bonds, the date of issuance and delivery of the Series 2017 Bonds to the Original Purchaser, being October __, 2017.

Debt Service Charges

"Debt Service Charges" means, with respect to the Series 2017 Bonds, the principal or Redemption Price of and interest on the Series 2017 Bonds for any period or payable at any time, whether due on an Interest Payment Date, at maturity or upon acceleration or redemption.

Event of Default

"Event of Default" means any of the events specified in Section 7.01 of the Original Indenture.

Interest Payment Date

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2018.

Mandatory Sinking Account Payment

"Mandatory Sinking Account Payment" means, with respect to the Series 2017 Bonds, the amount required by Section 5.02 hereof to be paid by the Trustee on any single date for the retirement of Series 2017 Bonds.

Moody's

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Commission by notice to the Trustee.

Opinion of Counsel

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the Commission) selected by the Commission and not objected to by the Trustee. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.
Optional Redemption Account

"Optional Redemption Account" means the account by that name within the Series 2017 Redemption Fund established pursuant to Section 5.04 hereof.

Original Purchaser


Outstanding

"Outstanding," when used as of any particular time with reference to the Series 2017 Bonds, means (subject to the provisions of Section 11.09 of the Original Indenture) all Series 2017 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this First Supplemental Indenture except: (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Commission shall have been discharged in accordance with Section 10.02 of the Original Indenture (which is incorporated herein by reference under Section 10.01 of this First Supplemental Indenture), including Bonds (or portions of Bonds) referred to in Section 11.10 of the Original Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this First Supplemental Indenture.

Person

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Pledged Revenues

"Pledged Revenues" means all amounts held in the Community and Technical College Capital Improvement Fund from the Lottery Pledge, and all earnings thereon.

Principal Corporate Trust Office

"Principal Corporate Trust Office" means, for notice purposes, the office of the Trustee at [West Paterson, New Jersey].

Rating Agencies

"Rating Agencies" means S&P and Moody's.
Record Date

"Record Date" means the 15th day (whether or not a Business Day) of the month immediately preceding each Interest Payment Date.

Redemption Price

"Redemption Price" means, with respect to any Series 2017 Bond (or portion thereof), the price to be paid upon redemption as set forth in Article IV of this First Supplemental Indenture.

Requisition

"Requisition" means either a Series 2017 Costs of Issuance Fund Requisition or a Series 2017 Project Fund Requisition.

S&P

"S&P" means Standard & Poor's, a division of S&P Global Inc, a corporation organized and existing under the laws of the state of its organization, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Commission by notice to the Trustee.

Securities Depository

"Securities Depository" means The Depository Trust Company and its successors and assigns, or any other securities depository selected as set forth in Section 2.11 of the Original Indenture, which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

Series 2017 Bond Fund

“Series 2017 Bond Fund” means the “Series 2017 Bond Fund” established under Section 5.02 hereof.

Series 2017 Bonds


Series 2017 Costs of Issuance Fund Requisition

"Series 2017 Costs of Issuance Fund Requisition" means, with respect to the Series 2017 Bonds the Commission's written requisition for a disbursement from the Series 2017
Costs of Issuance Fund substantially in the form attached hereto as Exhibit E and delivered to the Trustee in accordance with Section 3.03 hereof.

Series 2017 Interest Fund

"Series 2017 Interest Fund" means the “Series 2017 Interest Fund” established pursuant to Section 5.02 hereof.

Series 2017 Principal Fund

"Series 2017 Principal Fund" means the fund by that name established pursuant to Section 5.02 hereof.

Series 2017 Project Costs

"Series 2017 Project Costs" means, and shall be deemed to include, to the extent permitted by the Act and any other applicable law, the following:

(i) the costs of acquisition, construction, improvements, renovation, repairs, maintenance and/or equipment of certain Community and Technical Colleges pursuant to the Series 2017 Project Plan and any other project financed by the Bonds authorized to be issued for such purpose under this Bond Indenture;

(ii) the cost of all other lands, rights, easements, rights of way, franchises, utilities and other property necessary, appropriate, useful convenient or incidental to or for the foregoing;

(iii) engineering, design, legal and administration expenses (including fees and expenses of the Trustee and the cost of rebate calculations) incurred in connection with the construction, erection, improvement, renovation, repair, maintenance, equipment or placing in service of the foregoing; and

(iv) all other costs or expenses permitted to be financed under the Act, including Costs of Issuance.

Series 2017 Project Fund

"Series 2017 Project Fund" means the fund by that name established pursuant to Section 3.04 hereof from which Project Costs are to be paid.

Series 2017 Project Fund Requisition

"Series 2017 Project Fund Requisition" means the Commission's written requisition for a disbursement from the Project Fund substantially in the form attached hereto as Exhibit D and delivered to the Trustee in accordance with Section 5.03 hereof.
Series 2017 Project Plan

"Series 2017 Project Plan" means the list of specific construction projects approved by the Council pursuant to Chapter 29, Article 22, Section 18(j)(3) of the Code of West Virginia of 1931, as amended, attached hereto and incorporated herein as Exhibit A.

Series 2017 Projects

"Series 2017 Projects" has the meaning set forth in the preambles to this Bond Indenture as more fully defined and described in Exhibit A attached hereto.

Series 2017 Rebate Fund

"Series 2017 Rebate Fund" means the fund by that name established pursuant to Section 5.06 hereof.

Series 2017 Redemption Fund

"Series 2017 Redemption Fund" means the fund by that name established pursuant to Section 5.04 hereof.

Special Record Date

"Special Record Date" means the date established by the Trustee pursuant to Section 2.02 hereof as a record date for the payment of defaulted interest on the Bonds.

State

"State" means the State of West Virginia.

State Lottery Fund

"State Lottery Fund" means the special revenue fund created in the State Treasury pursuant to Section 18 of the Lottery Act.

Supplemental Bond Indenture

"Supplemental Bond Indenture" means any indenture hereafter duly authorized and entered into between the Commission and the Trustee, supplementing, modifying or amending this First Supplemental Indenture; but only if and to the extent that such Supplemental Bond Indenture is specifically authorized hereunder.
Tax Certificate

"Tax Certificate" means, with respect to the Series 2017 Bonds, the Tax Certificate and Agreement of the Commission, dated the original issue date and included in the transcript of which this First Supplemental Indenture is a part.

Trust Estate

"Trust Estate" has the meaning set forth in the preambles and granting clause of this First Supplemental Indenture.

SECTION 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this First Supplemental Indenture with respect to compliance with any provision hereof shall include: (1) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such Person, such Person has made or caused to be made such examination or investigation as is necessary to enable such Person to express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such Person, such provision has been complied with.

Any such certificate or opinion made or given by an Authorized Officer of the Commission may be based, insofar as it relates to legal, accounting or operational matters, upon a certificate or opinion of or representation by counsel, an accountant or a management consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a management consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Commission) upon a certificate or opinion of or representation by an Authorized Officer of the Commission, unless such counsel, accountant or management consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such Person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same Authorized Officer of the Commission, or the same counsel or accountant or management consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this First Supplemental Indenture, but different Authorized Officers, counsel, accountants or management consultants may certify to different matters, respectively.
SECTION 1.03. Interpretation.

(A) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(B) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(C) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this First Supplemental Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this First Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II
THE BONDS

SECTION 2.01. Authorization of Series 2017 Bonds. An issue of Series 2017 Bonds to be issued hereunder in order to advance refund the Bonds to be Refunded, and obtain savings thereby, for the benefit of the Council, is hereby authorized and approved. The Series 2017 Bonds are designated as "State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017".

This First Supplemental Indenture constitutes a continuing agreement with the Holders from time to time of the Series 2017 Bonds to secure the full payment of the principal or Redemption Price of, and interest on all the Series 2017 Bonds, and the payment of all other amounts due under this First Supplemental Indenture, subject to the covenants, provisions and conditions herein contained.

SECTION 2.02. Denominations; Date; Maturity; Numbering. The Series 2017 Bonds shall be delivered in the form of fully-registered Series 2017 Bonds in denominations of $5,000, and any integral multiple thereof. The Series 2017 Bonds shall be registered initially in the name of "Cede & Co.,” as nominee of the Securities Depository, and shall be evidenced by one Series 2017 Bond for each maturity in the total aggregate principal amount of such maturity. Registered ownership of the Series 2017 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.11 hereof. The Series 2017 Bonds shall be dated [__________], 2017, and shall mature (subject to prior redemption) on their respective maturity dates and shall bear interest at the rates per annum all as set forth as follows:
# Serial Bonds

<table>
<thead>
<tr>
<th>Maturity Year</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
</table>

[Term Bonds, if any, will be described here.]

The Series 2017 Bonds shall be numbered in such manner as shall be determined by the Trustee. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Each Series 2017 Bond shall bear interest from the most recent Interest Payment Date to which interest has been duly paid or provided for next preceding its date of authentication, unless (i) authenticated on an Interest Payment Date on which interest has been paid or provided for, in which event it shall bear interest from such Interest Payment Date, (ii) authenticated prior to the first Interest Payment Date on which interest is paid, in which event it shall bear interest from the dated date, or (iii) authenticated after the fifteenth (15th) day of the month immediately preceding an Interest Payment Date but before the next succeeding Interest Payment Date, in which event it shall bear interest from such succeeding Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the person in whose name the Series 2017 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given by first class mail to the Bondholders not less 10 days prior to such Special Record Date.

**SECTION 2.03. Payment of Principal of and Interest on the Series 2017 Bonds.** The principal or Redemption Price of the Series 2017 Bonds shall be payable by check in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee. Payment of the interest on the Series 2017 Bonds shall be made by check mailed by first class mail to the Holder at its address as it appears on the bond registration books of the Trustee, or, upon the written request of any Holder of at least $1,000,000 in aggregate principal amount of Series 2017 Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States of America designated by such Holder. As long as Cede & Co. is the Holder of the Series 2017 Bonds, said principal or Redemption Price and interest payments shall be made to Cede & Co. by wire transfer in immediately available funds. CUSIP number identification shall accompany all payments of principal or Redemption Price and interest whether by check or by wire transfer.
SECTION 2.04. Form of Series 2017 Bonds. The Series 2017 Bonds shall be
initially in substantially the form set forth in Exhibit B attached hereto, with necessary or
appropriate variations, omissions and insertions as permitted or required hereby.

SECTION 2.05. Execution of Series 2017 Bonds. The Series 2017 Bonds shall
be executed by the Governor on behalf of the State and by the Chancellor of the Commission,
with their manual or facsimile signatures, and attested by the manual or facsimile signature of
the Secretary of State, and shall have impressed or imprinted thereon, by facsimile or otherwise,
the Great Seal of the State. The Series 2017 Bonds shall then be delivered to the Trustee for
authentication by it. In case any of the officers who shall have signed or attested any of the
Series 2017 Bonds shall cease to be such officer or officers of the Commission before the Series
2017 Bonds so signed or attested shall have been authenticated or delivered by the Trustee or
issued by the Commission, such Series 2017 Bonds may nevertheless be authenticated, delivered
and issued and, upon such authentication, delivery and issue, shall be as binding upon the
Commission as though those who signed and attested the same had continued to be such officers
of the Commission, and also any Series 2017 Bonds may be signed and attested on behalf of the
Commission by such persons as at the actual date of execution of such Series 2017 Bonds shall
be the proper officers of the Commission although at the nominal date of such Series 2017
Bonds any such person shall not have been such officer of the Commission.

Only such of the Series 2017 Bonds as shall bear thereon a certificate of
authentication substantially in the form set forth in Exhibit C, with the manual or facsimile
signature of the Trustee as authenticating agent, shall be valid or obligatory for any purpose or
entitled to the benefits of this First Supplemental Indenture, and such certificate of the Trustee
shall be conclusive evidence that the Series 2017 Bonds so authenticated have been duly
executed, authenticated and delivered hereunder and are entitled to the benefits of this First
Supplemental Indenture.

SECTION 2.06. Certain General Provisions of the Original Indenture. The
provisions of Sections 2.06 through 2.12 of Article II of the Original Indenture are hereby
continued, approved, ratified and confirmed, and shall apply fully to the Series 2017 Bonds and
are incorporated by reference herein as a part hereof.

ARTICLE III
ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. Issuance of the Series 2017 Bonds. At any time after the
execution of this First Supplemental Indenture, the Commission shall execute, by physical or
facsimile signature, and the Trustee shall authenticate and, upon Request of the Commission,
deliver the Series 2017 Bonds in the aggregate principal amount of ______ Million
[______________] and 00/100 Dollars ($[_________]).

SECTION 3.02. Application of Proceeds of the Series 2017 Bonds. The moneys
from time to time on deposit in the Funds and Accounts specified below (except for the Series
2017 Rebate Fund) are subject to a lien and charge in favor of the owners of the Series 2017
Bonds until expended for the purposes for which such Funds and Accounts are created.
The proceeds (net of discount, if any) received from the sale of the Series 2017 Bonds shall be deposited in trust with the Trustee. The Trustee shall allocate such deposit as follows:

(A) Deposit all interest accrued, if any, on the Series 2017 Bonds from the date thereof to the date of delivery thereof in the Series 2017 Interest Fund to be applied to payment of interest due on the Series 2017 Bonds on January 1, 2018.

(B) Deposit $_________ to the Series 2017 Costs of Issuance Fund established under and to be used as set forth in Section 3.03 hereof.

(C) Deposit $__________ to the Series 2017 Project Fund established under and to be used as set forth in Section 3.04 hereof.

(D) Deposit $_____________ to the Series 2009 A Redemption Account established under and to be used as set forth in Section 3.05 hereof.

SECTION 3.03. Establishment and Application of Series 2017 Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Costs of Issuance Fund." The moneys in the Series 2017 Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon receipt by the Trustee of a Series 2017 Costs of Issuance Fund Requisition from the Commission substantially in the form attached as Exhibit E hereto, signed by an Authorized Officer of the Commission and stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Series 2017 Costs of Issuance Fund and has not been previously paid from the Series 2017 Costs of Issuance Fund. On [__________], 20[__], or upon the earlier written request of the Commission, amounts, if any, remaining in the Series 2017 Costs of Issuance Fund shall be transferred to the Series 2017 Project Fund and the Series 2017 Costs of Issuance Fund shall thereafter be closed.


(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Project Fund." The moneys in the Series 2017 Project Fund shall be transferred by the Trustee pursuant to Section 5.03 of this First Supplemental Indenture and disbursed by the Commission to pay the Series 2017 Project Costs upon receipt of a Series 2017 Project Fund Requisition of the Commission therefor.

(B) All moneys on deposit in the Series 2017 Project Fund shall be disbursed by the Commission, as further provided in Section 5.03 hereof, to pay the Series 2017 Project Costs prior to the disbursement by the Commission of any other moneys or funds of the Commission to finance the Series 2017 Project Costs.

(C) When the Series 2017 Projects shall have all been completed, there shall be delivered to the Trustee a Certificate of the Commission (i) stating the fact and date of such completion, (ii) specifying all items of Series 2017 Project Costs, if any, that have not been paid
and for the payment of which moneys should be retained in the Series 2017 Project Fund, and
(iii) stating that all other Series 2017 Project Costs thereof have been determined and paid (or
that all of such costs have been paid less specified claims that are subject to dispute and for
which a retention in the Series 2017 Project Fund is to be maintained in the full amount of such
claims until such dispute is resolved). Upon the receipt of such Certificate, the Trustee shall, as
directed by said Certificate, transfer any remaining balance in such Series 2017 Project Fund,
less the amount of any such retention, to the Interest Fund and applied to the optional redemption
of Series 2017 Bonds. Upon such transfer, the Series 2017 Project Fund shall be closed;
provided, however, that if any funds have been retained in the Series 2017 Project Fund pursuant
to this Section for items of Series 2017 Project Costs that have not yet been paid or for disputed
costs, the Series 2017 Project Fund shall remain open until such items have been paid and such
disputes have been resolved.

SECTION 3.05. Series 2009 A Redemption Account. The Trustee shall
establish, maintain and hold in trust a separate account designated as the “Series 2009 A
Redemption Account,” within the Optional Redemption Account within the Redemption Fund,
respectively, established for the Prior Bonds under Section 5.03 of the Original Indenture. All
moneys on deposit shall be disbursed by the Trustee[. Escrow Agent under the Escrow
Agreement], to pay the redemption price of the Bonds to be Refunded and thereby accomplish
the early redemption of the Bonds to be Refunded, as contemplated by the Commission
Resolution and this First Supplemental Indenture.

SECTION 3.06. Validity of Series 2017 Bonds. The validity of the authorization
and issuance of the Series 2017 Bonds is not dependent on and shall not be affected in any way
by any proceedings taken by the Commission, Council or the Trustee with respect to or in
connection with the refunding of the Bonds to be Refunded or the projects financed with
proceeds of the Prior Bonds. The recital contained in the Series 2017 Bonds that the same are
issued pursuant to the Act and the Constitution and laws of the State of West Virginia shall be
conclusive evidence of their validity and of compliance with the provisions of law in their
issuance.
ARTICLE IV
REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption.

(A) Optional Redemption of Bonds. The Series 2017 Bonds maturing on or after July 1, 20__ are subject to redemption in whole or in part at any time (and if in part, in such order of maturity as the Trustee shall specify and within a maturity by lot or by such other method as the Trustee determines to be fair and reasonable and in authorized denominations) on and after [_____________] at a Redemption Price equal to the principal amount called for redemption, without premium, plus accrued interest, if any, to the date fixed for redemption.

(B) Sinking Fund Redemption. The Series 2017 Bonds maturing on [July 1, 20__, July 1, 20__, July 1, 20__ and July 1, 20__], are also subject to redemption prior to their stated maturity date, in part, from Mandatory Sinking Account Payments deposited in the Series 2017 Principal Fund pursuant to Section 5.04 hereof on July 1 of each of the years set forth below, in the principal amounts set forth below, without premium, plus interest accrued thereon to the date fixed for redemption.

<table>
<thead>
<tr>
<th>Term Bonds Due</th>
<th>20__</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
</table>

* Stated Maturity *

SECTION 4.02. Selection of Series 2017 Bonds for Redemption. Whenever a provision is made in this First Supplemental Indenture for the redemption of less than all of the Series 2017 Bonds, subject to Section 4.01 hereof, the Trustee shall select the Series 2017 Bonds to be redeemed by lot or by such other method as the Trustee determines to be fair and reasonable in authorized denominations. The Trustee shall promptly notify the Commission in writing of any redemption of the Series 2017 Bonds so selected for redemption. The selection of Series 2017 Bonds shall be at such time as determined by the Trustee.

SECTION 4.03. Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 15 nor more than 60 days prior to the date fixed for redemption, to the Rating Agencies then rating the Series 2017 Bonds and to the respective Holders of any Series 2017 Bonds designated for redemption at their addresses appearing on the bond books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery of the Series 2017 Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the Series 2017 Bonds, to be redeemed and, in the case of Series 2017 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2017 Bonds the Redemption Price thereof of said specified portion of the principal amount thereof in the case of a Series 2017 Bond to be redeemed in part.
only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such Series 2017 Bond shall cease to accrue, and shall require that such Series 2017 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Notice of redemption of Series 2017 Bonds shall be given by the Trustee, at the expense of the Council.

Failure by the Trustee to mail notice of redemption pursuant to this Section 4.03 to the Rating Agencies then rating the Bonds or to any one or more of the Holders of any Series 2017 Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

With respect to notice of any optional redemption of the Series 2017 Bonds, unless moneys sufficient to pay the Redemption Price of the Series 2017 Bonds with interest thereon to be redeemed shall have been received by the Trustee prior to the giving of that notice, the notice shall state that the redemption shall be conditioned upon the receipt of such moneys by the Trustee on or prior to the date fixed for the redemption and the satisfaction of other conditions required in this First Supplemental Indenture. If such moneys shall not have been so received, the notice shall be of no force and effect, the Series 2017 Bonds shall not be redeemed pursuant thereto and the Trustee shall give notice, in the manner in which notice of redemption was given, that such moneys were not received.

Any notice given pursuant to this Section 4.03 may be rescinded by written notice given to the Trustee by the Commission no later than 5 Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given pursuant to this Section 4.03.

SECTION 4.04. Partial Redemption of Bonds. Upon surrender of any Series 2017 Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Commission, a new bond or bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2017 Bond surrendered.

SECTION 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the Series 2017 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the date fixed for redemption designated in such notice, the Series 2017 Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice to the date fixed for redemption, interest on the Series 2017 Bonds so called for redemption shall cease to accrue, said Series 2017 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this First Supplemental Indenture, and the Holders of said Series 2017 Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price.
SECTION 4.06. Cancellation. Series 2017 Bonds that have been redeemed shall not be reissued but shall be canceled and destroyed by the Trustee in accordance with Section 2.06 of the Original Indenture.

ARTICLE V
REVENUES; FUNDS AND ACCOUNTS;
PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. Pledge, Assignment, and Source of Payment of Series 2017 Bonds.

(A) Subject only to the provisions of this First Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Pledged Revenues and any other amounts (including proceeds of the sale of Series 2017 Bonds) held in any fund or account established pursuant to this First Supplemental Indenture (other than the Series 2017 Rebate Fund) are hereby pledged to secure the payment of the principal or Redemption Price of, and interest on the Series 2017 Bonds, in accordance with their terms and the provisions of this First Supplemental Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Series 2017 Bonds, without any physical delivery thereof or further act.

(B) The Commission hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Series 2017 Bonds, all of the Pledged Revenues and other assets pledged in subsection (A) of this Section. The Trustee shall be entitled to and shall collect and receive all of the Pledged Revenues, and any Pledged Revenues collected or received by the Commission shall be deemed to be held, and to have been collected or received, by the Commission as the agent of the Trustee and shall forthwith be paid by the Commission to the Trustee. The Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Commission or Council or separately, all of the rights of the Commission that have been assigned to the Trustee. The Pledged Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this First Supplemental Indenture.

(C) Upon the delivery of the Series 2017 Bonds hereunder, the Commission shall cause the amounts allocated to the Fund to be forthwith transferred to the Trustee for deposit into the Series 2017 Bond Fund, and shall thereafter cause amounts from time to time allocated to the Fund to be immediately transferred to the Trustee for deposit into said Series 2017 Bond Fund. Except as otherwise provided herein, the Pledged Revenues shall be collected, held and applied for the equal and ratable benefit and security of all Holders of the Bonds.

(D) The Commission hereby establishes a coverage requirement for the Series 2017 Bonds equal to 150% of the Maximum Annual Debt Service and, pursuant to Section 18(j)(1) of the Lottery Act, the Commission hereby grants a third-in-priority lien and security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of
the Series 2017 Bonds, the proceeds of the State Lottery Fund up to a maximum amount equal to the projected annual principal, interest and coverage ratio requirements on the Series 2017 Bonds, not to exceed $7,500,000.00 annually, to secure the payment of the principal or Redemption Price of, and interest on the Series 2017 Bonds, in accordance with their terms and the provisions of this First Supplemental Indenture.


(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Bond Fund" into which it shall deposit as received all transfers from the Fund and any other amounts required or permitted to be deposited therein pursuant to the provisions hereof, which shall be used to pay when due the Debt Service Charges.

(B) The Commission shall deliver to the Trustee and the lottery director by no later than June 15th of each year a Certificate signed by an Authorized Officer which certifies to the Trustee the amount of the next succeeding Bond Year's principal and interest requirements on the Series 2017 Bonds.

(C) Within the Series 2017 Bond Fund, the Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Interest Fund." All amounts in the Series 2017 Interest Fund shall be used and withdrawn by the Trustee, on a pro rata basis, solely for the purpose of paying the interest on the Series 2017 Bonds as the same becomes due and payable (including accrued interest on any Series 2017 Bonds redeemed prior to maturity pursuant to this First Supplemental Indenture). Moneys in the Series 2017 Interest Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this First Supplemental Indenture.

From the Pledged Revenues, the Trustee shall deposit the following into the Series 2017 Interest Fund when and as such Pledged Revenues are received:

1. all accrued interest, if any, received at the time of the issuance, sale and delivery of the Series 2017 Bonds;

2. immediately upon receipt from the Commission, the Trustee shall deposit all Pledged Revenues received to the Series 2017 Interest Fund until such time as the Trustee has sufficient moneys in the Series 2017 Interest Fund to pay the interest due on the next ensuing interest payment date for the Series 2017 Bonds, as determined from the Certificate delivered to the Trustee in accordance with Section 5.02(B) hereof;

3. all interest, profits and other income received from the investment of moneys in the Series 2017 Interest Fund; and

4. any other Pledged Revenues not required to be deposited in any other fund or account established pursuant to this First Supplemental Indenture.
(D) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Principal Fund." The Trustee shall establish, maintain and hold in trust within the Series 2017 Principal Fund [a separate Mandatory Sinking Account]. All amounts in the Series 2017 Principal Fund shall be used and withdrawn by the Trustee solely to redeem the Series 2017 Bonds, or pay the Series 2017 Bonds at maturity, as provided herein. Moneys in the Series 2017 Principal Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this First Supplemental Indenture.

From the Pledged Revenues, the Trustee shall deposit into the Series 2017 Principal Fund:

1. immediately upon receipt from the Commission, after first satisfying the Series 2017 Interest Fund requirements set forth in Section 5.02(C)(2) hereof, all Pledged Revenues thereafter received; and

2. all interest, profits and other income received from the investment of moneys in the Series 2017 Principal Fund.

[On each Mandatory Sinking Account Payment date, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Series 2017 Bonds, in the amounts and upon the notice and in the manner provided in Article IV hereof; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the Commission, apply such moneys to the purchase of Series 2017 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Series 2017 Interest Fund) as the Commission may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Series 2017 Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Series 2017 Bonds with moneys in the Series 2017 Principal Fund, or, during said period and prior to giving said notice of redemption, the Commission has deposited Series 2017 Bonds with the Trustee, or Series 2017 Bonds were at any time purchased or redeemed by the Trustee from the Series 2017 Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Series 2017 Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Series 2017 Bonds purchased or deposited pursuant to this subsection shall be canceled and destroyed by the Trustee to or upon the order of the Commission. All Series 2017 Bonds purchased from the Series 2017 Principal Fund or deposited by the Commission with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as selected by the Commission.]

SECTION 5.03. Series 2017 Project Fund Requisitions and Transfers.

This Section 5.03 sets forth the requirements for requisitions and transfers of funds by the Trustee to the Commission from the Series 2017 Project Fund to pay the Series 2017 Project Costs. Upon receipt of a Series 2017 Project Fund Requisition from the
Commission substantially in the form of Exhibit D attached hereto, the Trustee shall transfer from the Series 2017 Project Fund, established in Section 3.04 hereof, to an account of the Commission identified in the Series 2017 Project Fund Requisition the total amount set forth in such Series 2017 Project Fund Requisition from which the Commission shall make the payments detailed in the Series 2017 Project Fund Requisition. The Trustee shall rely fully on any such Series 2017 Project Fund Requisition delivered pursuant to this Section 5.03 and shall not be required to make any investigation in connection therewith. The Trustee shall not make any such transfer from the Series 2017 Project Fund to the Commission if it has received any written notice of claim of lien, attachment upon, or claim affecting the right to receive payment of, any of the money to be so paid, that has not been released or will not be released simultaneously with such payment. The moneys transferred by the Trustee to the Commission pursuant to this Section 5.03 shall be used by the Commission solely to pay the Series 2017 Project Costs. Before any payment shall be made from the Series 2017 Project Fund, there shall be filed with the Trustee:

(A) A Series 2017 Project Fund Requisition, substantially in the form of Exhibit D attached hereto, signed by an Authorized Officer, stating:

(i) the name of each person, firm or corporation to whom payment is due;

(ii) the amount to be paid to each payee; and

(iii) the purpose in reasonable detail for which each obligation to be paid was incurred.

(B) A certificate attached to or included in the requisition, signed by an Authorized Officer, stating that:

(i) there has been received no notice of either (a) any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, or (b) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released or discharged or will be released or discharged upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the payment of such requisition will not result in any proceeds of the Series 2017 Bonds being used directly or indirectly in any trade or business carried on by any person who is not a "governmental person" within the meaning of Section 141 of the Code;

(iv) each obligation stated on the requisition has been incurred in or about the design, acquisition, construction, renovation or equipping of the Series 2017 Projects, each item is a proper charge against the Series 2017 Project Fund, each obligation has not been the basis
for a prior requisition that has been paid and no item or part thereof constitutes Costs of Issuance; and

(iv) no event has occurred and is continuing which constitutes an Event of Default under the Indenture.

(C) An invoice or other appropriate evidence of each obligation described in the Series 2017 Project Fund Requisition required by subsection (1) above, or certification by the Authorized Officer that the Commission (i) has, (ii) shall make available for the Trustee for inspection upon Trustee's request, and (iii) shall retain as part of its records until all Bonds are fully paid, a copy of an invoice or other evidence of each obligation the payment of which is requisitioned, which invoice or evidence the Authorized Officer shall certify payment is appropriate to substantiate the subject obligation and authorized under the Bond Indenture. The Trustee shall be entitled to rely conclusively upon the Series 2017 Project Fund Requisition and accompanying certificate. The Trustee shall be under no duty to inspect, analyze or verify any invoice, but shall hold such invoices solely as a repository for the benefit of the Bondholders.

Upon receipt of each such Series 2017 Project Fund Requisition and accompanying certificate, the Trustee shall within five Business Days, make a transfer from the Project Fund to the Commission's account in accordance with such Series 2017 Project Fund Requisition.

SECTION 5.04. Series 2017 Redemption Fund.

(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Redemption Fund." The Trustee shall establish, maintain and hold in trust within the Series 2017 Redemption Fund an "Optional Redemption Account."

(B) The Trustee shall deposit the following Pledged Revenues in the Optional Redemption Account when and as such Pledged Revenues are received:

(1) except as provided in subsection (C) of this Section, the Pledged Revenues to be used for the purpose of redeeming Series 2017 Bonds; and

(2) all interest, profits and other income received from the investment of moneys in the Optional Redemption Account.

(C) All amounts deposited in the Optional Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Series 2017 Bonds, in the manner and upon the terms and conditions specified in Article IV hereof, at the next succeeding date of redemption for which notice has not been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account; provided that in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Series 2017 Principal Fund for payment of principal on the Series 2017 Bonds in order of their due date as set forth in a Request of the Commission. All
Series 2017 Bonds redeemed from the Series 2017 Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments in inverse order of their payment dates.

SECTION 5.05. Investment of Moneys. All moneys in any of the funds and accounts established pursuant to this First Supplemental Indenture shall be invested by the Trustee upon the written direction of the Commission given at least 2 days prior to the investment date, solely in Investment Securities. Investment Securities shall be purchased at such prices as the Commission may direct. All directions of the Commission to invest in Investment Securities shall be made subject to the limitations set forth in Section 6.06 of the Original Indenture, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Commission. No Request of the Commission shall impose any duty on the Trustee inconsistent with its fiduciary responsibilities. In the absence of directions from the Commission, the Trustee shall invest in Investment Securities specified in subsection (2) of the definition thereof in Section 1.01 of the Original Indenture.

Moneys in all funds and accounts shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this First Supplemental Indenture. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this First Supplemental Indenture shall be deposited when received in such fund or account.

Moneys held in the Series 2017 Redemption Fund for the redemption of Series 2017 Bonds shall be invested solely in Investment Securities specified in subsection (1) of the definition thereof in Section 1.01 of the Original Indenture, maturing in such amounts and at such times as are required for such redemption.

Investment Securities acquired as an investment of moneys in any fund or account established under this First Supplemental Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or market value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price).

The Trustee may commingle any of the funds or accounts established pursuant to this First Supplemental Indenture (other than the Series 2017 Rebate Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this First Supplemental Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price reasonably obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required
payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03 of the Original Indenture, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section 5.05. Any Investment Securities that are registrable securities shall be registered in the name of the Trustee.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. Although the Commission recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Commission hereby agrees that confirmations of permitted investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

SECTION 5.06. Series 2017 Rebate Fund.

(A) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Series 2017 Rebate Fund." Within the Series 2017 Rebate Fund, the Trustee shall maintain such accounts as shall be specified in writing by the Commission in order to comply with the Tax Certificate. Subject to the transfer provisions provided in paragraph (E) below, all money at any time deposited in the Series 2017 Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate), for payment to the federal government of the United States of America. The Commission and the Holder of any Series 2017 Bonds shall have no rights in or claim to such money. All amounts deposited into or on deposit in the Series 2017 Rebate Fund shall be governed by this Section, by Section 6.07 of the Original Indenture and by the Tax Certificate (which Section 6.07 of the Original Indenture and Tax Certificate are incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Commission including the Commission's supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Commission with the terms of the Tax Certificate.

(B) Upon the Commission's written direction, an amount shall be deposited to the Series 2017 Rebate Fund by the Trustee from deposits by the Commission, if and to the extent required, so that the balance in the Series 2017 Rebate Fund shall equal the Rebate Amount. Computations of the Rebate Amount shall be furnished by or on behalf of the Commission in accordance with the Tax Certificate.

(C) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the Series 2017 Rebate Fund or provided to it by the Commission.

(D) At the written direction of the Commission, the Trustee shall invest all amounts held in the Series 2017 Rebate Fund in Investment Securities, subject to the restrictions
set forth in the Tax Certificate. The Trustee shall not be liable for any consequences arising from such investment. Money shall not be transferred from the Series 2017 Rebate Fund except as provided in subsection (E) below.

(E) Upon receipt of the Commission's written directions, the Trustee shall remit part or all of the balances in the Series 2017 Rebate Fund to the United States of America, as so directed. In addition, if the Commission so directs, the Trustee will deposit money into or transfer money out of the Series 2017 Rebate Fund from or into such accounts or funds as directed by the Commission's written directions. Any funds remaining in the Series 2017 Rebate Fund after redemption and payment of all of the Series 2017 Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee, and payment of any amount then owed to the Trustee, shall be withdrawn and remitted to the Commission.

(F) Notwithstanding any other provision of this First Supplemental Indenture, including in particular Article X (including Article X of the Original Indenture, which is incorporated and made applicable fully to the Series 2017 Bonds), the obligation to remit the Rebate Amounts to the United States of America and to comply with all other requirements of this Section, Section 6.06 of the Original Indenture and the Tax Certificate, shall survive the defeasance or payment in full of the Series 2017 Bonds.

ARTICLE VI
PARTICULAR COVENANTS

SECTION 6.01. General. The covenants contained in Article VI of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds, and are incorporated herein by reference as a part hereof.

SECTION 6.02. Continuing Disclosure Agreement. So long as any of the Series 2017 Bonds remain outstanding, pursuant to the Commission Resolution, the State, acting by and through the Secretary of the Department of Administration, on behalf of the Commission, shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement with respect to the Series 2017 Bonds that complies with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission (as amended from time to time, the "Rule"), in form and substance satisfactory to the Participating Underwriters (as defined in the Rule). Notwithstanding any other provision of this First Supplemental Indenture, failure of the State, acting by and through the Department of Administration, to enter into and comply with such Continuing Disclosure Agreement shall not be considered an Event of Default.

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 7.01. General. Except as otherwise provided herein, the provisions of Article VII of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds, and are incorporated herein by reference as a part hereof.
ARTICLE VIII
THE TRUSTEE

SECTION 8.01. General. The provisions of Article VIII of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds, and are incorporated herein by reference as a part hereof.

SECTION 8.02. Appointment of Trustee. [The Bank of New York Mellon, a New York banking corporation duly authorized to exercise corporate trust powers under the laws of the State of West Virginia and qualified to accept and administer the trusts hereby created, with its principal place of business located in West Paterson, New Jersey,] is hereby appointed and shall act as Trustee for the Series 2017 Bonds.

ARTICLE IX
MODIFICATION OR AMENDMENT OF THIS FIRST SUPPLEMENTAL INDENTURE

SECTION 9.01. General. The provisions of Article IX of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds and are incorporated by reference as a part hereof.

ARTICLE X
DEFEASANCE

SECTION 10.01. General. The provisions of Article X of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds and are incorporated by reference as a part hereof.

ARTICLE XI
MISCELLANEOUS

SECTION 11.01. General. The provisions of Article XI of the Original Indenture are hereby continued, approved, ratified and confirmed, shall apply fully to the Series 2017 Bonds and are incorporated by reference as a part hereof.

SECTION 11.02. Original Indenture Apply and is Incorporated Herein. This First Supplemental Indenture is supplemental to, and amendatory of, the Original Indenture. All provisions of the Original Indenture, unless clearly inapplicable or amended or altered hereby, shall apply to the Series 2017 Bonds, this First Supplemental Indenture and matters relating thereto as if set forth verbatim herein. In the event of any conflict between the Original Indenture and this First Supplemental Indenture, this First Supplemental Indenture shall control. This First Supplemental Indenture and the Original Indenture, to the extent applicable, shall and must be read as a single document and shall supersede all prior resolutions, orders and understandings, both written and oral, by the Commission, with respect to the subject matter hereof.

SECTION 11.03. Consent to Supplementation, Amendment of Original Indenture, First Supplemental Indenture and Other Documents. By joining in the execution hereof, the Commission and the Trustee hereby consent to the supplementation and amendment
of the Original Indenture, the First Supplemental Indenture and all documents, instruments and agreements in connection herewith.

SECTION 11.04. Incidental Action. The execution and delivery of the Series 2017 Bonds and all documents, instruments and agreements in connection therewith is hereby in all respects approved, authorized, ratified and confirmed including all acts heretofore taken in connection with the issuance of the Series 2017 Bonds, and it is hereby ordered that an Authorized Officer of the Commission execute and deliver such other documents, certificates, agreements and instruments, and take such other action as may be required or desirable to carry out the purposes of this First Supplemental Indenture, the Series 2017 Bonds and the aforesaid instruments.

SECTION 11.05. Severability of Invalid Provisions. If any one or more of the provisions contained in this First Supplemental Indenture or in the Series 2017 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this First Supplemental Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this First Supplemental Indenture, and this First Supplemental Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Commission hereby declares that it would have entered into this First Supplemental Indenture and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Series 2017 Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this First Supplemental Indenture may be held illegal, invalid or unenforceable.

SECTION 11.06. Notices. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Corporate Trust Office (original address shown below), or at such other address as may have been filed in writing by the Trustee with the Commission. Any notice to or demand upon the Commission shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telex or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be, to the respective following addresses (or to such other address as may have been filed in writing by such party with the Trustee):

(A) to the Commission at:

Higher Education Policy Commission
________________________________________
________________________________________

with copies, not constituting notice, to:

West Virginia Council for Community and Technical College Education
________________________________________
SECTION 11.07. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this First Supplemental Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Series 2017 Bonds transferable by delivery, shall be sufficient for any purpose of this First Supplemental Indenture and shall be conclusive in favor of the Trustee and of the Commission if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.
The ownership of Series 2017 Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Series 2017 Bond shall bind every future Holder of the same Series 2017 Bond and the Holder of every Series 2017 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Commission in accordance therewith or reliance thereon.

SECTION 11.08. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Series 2017 Bonds have concurred in any demand, request, direction, consent or waiver under this First Supplemental Indenture, Series 2017 Bonds that are held by or for the account of the Commission, the Council or by any other obligor on the Series 2017 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Commission, the Council or any other obligor on the Series 2017 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Series 2017 Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Series 2017 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Commission or any other obligor on the Series 2017 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 11.09. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Series 2017 Bonds (or portions of Series 2017 Bonds in the case of registered Series 2017 Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Series 2017 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 of the Original Indenture.

SECTION 11.10. Funds and Accounts. Any fund or account required by this First Supplemental Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.06 of the Original Indenture and for the protection of the security of the Series 2017 Bonds and the rights of every Holder thereof the Trustee may establish such additional funds and accounts as it deems necessary to perform its obligations hereunder.

SECTION 11.11. Waiver of Personal Liability. No past, present or future member, officer, agent or employee of the Commission shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on the Bonds or be subject to
any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this First Supplemental Indenture.

SECTION 11.12. Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 11.13. Governing Law. This First Supplemental Indenture and the Series 2017 Bonds are contracts made under the laws of the State of West Virginia, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

SECTION 11.14. Execution in Several Counterparts. This First Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Commission and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Signature page follows]
IN WITNESS WHEREOF, Higher Education Policy Commission has caused this First Supplemental Indenture to be signed in its name by its duly authorized officer and [The Bank of New York Mellon], in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture to be signed in its corporate name by one of its officers thereunto duly authorized all as of the day and year first above written.

HIGHER EDUCATION POLICY COMMISSION

By: _________________________________
Name: _______________________________
Title: _______________________________  

[THE BANK OF NEW YORK MELLON],
as Trustee

By: _________________________________
Name: _______________________________
Title: _______________________________
STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this ____ day of ______________________, 2017, by _________________, Chancellor of the Higher Education Policy Commission, on behalf of the Higher Education Policy Commission.

My Commission Expires: ________________________________

[SEAL]

Notary Public

STATE OF _______________________,
COUNTY OF _______________________, TO WIT:

The foregoing instrument was acknowledged before me this ____ day of ______________________, 2017, by _________________, __________________ [The Bank of New York Mellon], on behalf of [The Bank of New York Mellon].

My Commission Expires: ________________________________

[SEAL]

Notary Public
EXHIBIT B

FORM OF SERIES 2017 BOND

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

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds,
Series 2017

No. R-

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REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

______________________________ ($_______)

KNOW ALL MEN BY THESE PRESENTS: That the HIGHER EDUCATION POLICY COMMISSION (the "Commission"), for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns (the "Registered Owner"), but solely from the sources and in the manner referred to herein, on the Maturity Date specified above, upon presentation and surrender hereof, the Principal Amount specified above and to pay interest from those sources 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, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1 in each year, beginning January 1, 2018 (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. Principal of and interest on this Bond are payable by [The Bank of New York Mellon], as Trustee (the "Trustee").
Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the Trustee to the Registered Owner hereof as of the applicable Record Date (each [June] 15 and [December] 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the Trustee 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 Commission maintained by the Trustee. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment to the Trustee, [in West Paterson, New Jersey].

THIS BOND IS A SPECIAL OBLIGATION OF THE COMMISSION. PAYMENT OF THIS BOND, INCLUDING THE PRINCIPAL OR REDEMPTION PRICE THEREOF, AND THE INTEREST THEREON, WILL BE MADE SOLELY FROM THE FUNDS AND OBLIGATIONS DULY PLEDGED IN THE BOND INDENTURE (AS HEREINAFTER DEFINED). THIS BOND SHALL NOT BE A DEBT OF THE STATE OF WEST VIRGINIA, AND THE STATE SHALL NOT BE LIABLE THEREON. THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE COMMISSION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS BOND DOES NOT CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OF WEST VIRGINIA, ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA, TO THE REGISTERED OWNER OF THIS BOND, AND THE REGISTERED OWNER OF THIS BOND SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OR BY THE TAXING AUTHORITY OF ANY COUNTY, MUNICIPALITY, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA FOR THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THIS BOND. THE COMMISSION HAS NO TAXING POWER.

NONE OF THE PAST, PRESENT OR FUTURE BOARD MEMBERS, OFFICERS OR EMPLOYEES OF THE COMMISSION OR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THIS BOND BY REASON OF THE ISSUANCE HEREOF.

This Bond is one of an issue of bonds authorized to be issued in the aggregate principal amount of $[_________________] (hereinafter called the "Bonds") for the purposes of (i) providing funds to refund the $66,340,000 aggregate principal amount currently outstanding of the Commission’s previously issued $78,295,000 State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A Bonds (the “Bonds to be Refunded”) in order to achieve net debt service savings; (ii) using some of such net debt service savings for the purpose of funding some of the Series 2017 Projects, as defined in the First Supplemental Bond Indenture dated as of October 1, 2017, by and between the Commission and [The Bank of New York Mellon], as Trustee (the “First Supplemental Indenture”); and (iii) paying costs of issuance of the Bonds and related costs of such refunding. The Bonds are issued under and pursuant to the Bond Indenture, dated as of December 1, 2009 by and between the Commission and The Bank of New York Mellon, as Trustee, as amended and supplemented by the First Supplemental Bond Indenture (collectively, the “Bond
Indenture”), an executed counterpart of which Bond Indenture is on file at the office of said Trustee, as authorized by a Resolution adopted by the Commission on [___________], 2017 (the "Resolution"). Reference is hereby made to the Bond Indenture and all indentures supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of security, the terms and conditions under which the Bonds are issued, the rights, duties and obligations of the Commission and the Trustee, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Indenture.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Commission and the Trustee may deem and treat the Registered Owner thereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only in the full amount thereof. The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Trustee with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Trustee, duly executed by the Registered Owner or his duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

The Bonds are subject to optional redemption under the terms and subject to the provisions set forth in the Bond Indenture.

This Bond, as may be outstanding from time to time, is issued pursuant to and in full conformity with the Constitution and the laws of the State of West Virginia, particularly Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended, and Chapter 13, Article 2G of the Code of West Virginia, 1931, as amended, and pursuant to the Resolution duly adopted by the Commission, which Resolution also authorizes the execution and delivery of the Bond Indenture.

The Bonds are limited special obligations of the Commission and are payable solely out of the Trust Estate as described in the Bond Indenture. Under the Bond Indenture, the Commission must pay the Trustee solely from the Trust Estate such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same mature.

Pursuant to the Bond Indenture, the Trustee shall, immediately upon receipt of Pledged Revenues from the Commission, deposit all Pledged Revenues into the Series 2017 Interest Fund
until such time as the Trustee has sufficient moneys in the Series 2017 Interest Fund to pay the interest due on the next ensuing Interest Payment Date for the Bonds, as shall be determined by the Trustee pursuant to the information contained in a Certificate delivered by the Commission to the Trustee on June 15th of each year in accordance with Section 5.02(B) of the Bond Indenture, and then after satisfying such requirements for the Series 2017 Interest Fund, the Trustee shall thereafter deposit the Pledged Revenues received from the Commission into the Series 2017 Principal Fund. Moneys in the Series 2017 Principal Fund and the Series 2017 Interest Fund established under the Bond Indenture have been duly pledged to secure payment of the principal of and interest on the Bonds.

The Registered Owners of the Bonds shall have no right to enforce the provisions of the Bond Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the bonds issued under the Bond Indenture and then outstanding, may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Bond Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Commission or to have happened precedent to and in the issuance of the Bonds in order to make them legal, valid and binding special obligations of the Commission in accordance with their terms, and precedent to and in the execution and delivery of the Indenture, have happened or have been performed in regular and due form as required by law; that payment in full for such Bonds has been received; and that such Bonds do not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the Certificate of Authentication appearing thereon shall have been duly and manually executed by the Trustee.

[Signature page follows]
IN WITNESS WHEREOF, the HIGHER EDUCATION POLICY COMMISSION has caused this Bond to be executed in its name by the manual or facsimile signature of the Governor of the State of West Virginia and its Chancellor and its seal to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of the Secretary of State, all as of the date set forth above.

HIGHER EDUCATION POLICY COMMISSION

By: ______________________________
    James C. Justice, II, Governor of the State of West Virginia

By: ______________________________
    Dr. Paul L. Hill, Chancellor

[Great Seal of the State of West Virginia]

Attest:

By: ______________________________
    Andrew M. Warner, Secretary of State of the State of West Virginia
CERTIFICATE OF AUTHENTICATION:

This Bond is one of the Bonds described in the within-named Indenture and First Supplemental Indenture and has been duly registered in the name of the Registered Owner set forth above, as of the Date of Authentication set forth below.

Date of Authentication: October __, 2017

[THE BANK OF NEW YORK MELLON], as Trustee
By: ______________________________
Its: Authorized Officer
(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfer unto

_________________________ (Please print or typewrite name, address and Social Security Number of Transferee) ________________ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints ________________________, as Attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ________________

In the presence of:

_________________________

NOTICE: The 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 enlargement or any change whatever.
CERTIFICATE OF AUTHENTICATION:

This Bond is one of the Bonds described in the within-named First Supplemental Indenture and has been duly registered in the name of the Registered Owner set forth above, as of the Date of Authentication set forth below.

Date of Authentication: October __, 2017

[THE BANK OF NEW YORK MELLON], as Trustee

By: Its: Authorized Officer
EXHIBIT D

SERIES 2017 PROJECT FUND REQUISITION FORM

$ __________

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds,
Series 2017

[The Bank of New York Mellon
385 Rifle Camp Road, 3rd Floor
West Paterson, New Jersey 07424
Attention: Corporate Trust Department]

Requisition Number:

PROJECT FUND REQUISITION

You are hereby directed by the undersigned Authorized Officer of the Higher Education Policy Commission (the "Commission"), in accordance with Section 5.03 of the First Supplemental Indenture dated as of October 1, 2017 (the "Bond Indenture"), between the Commission and [The Bank of New York Mellon] (the "Trustee"), to transfer via wire transfer to the account set forth below an amount equal to $__________, from which the Commission shall directly pay the attached invoices from the proceeds of the above-captioned Bonds (the "Bonds") deposited in the Series 2017 Project Fund created under Section 3.04 of the Supplemental Bond Indenture:

Account Name:

Account Number:

ABA Routing Number:

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
The disbursements to be made by the Commission in connection with this requisition are as follows:

<table>
<thead>
<tr>
<th>Name of Payee</th>
<th>Amount</th>
<th>Purpose of Expense</th>
</tr>
</thead>
</table>

**TOTAL** $____________

The undersigned Authorized Officer hereby certifies as follows:

1. there has been received no notice of either (A) any lien, right to lien or attachment upon, or claim affecting the right of any payee to receive payment of any of the moneys payable by the Commission under this requisition to any of the persons, firms or corporations named in the attached invoices, or (B) that any materials, supplies or equipment covered by this requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released or discharged or will be released or discharged upon payment by the Commission of the invoices attached to this requisition;

2. the invoices attached to this requisition contain no items representing payment on account of any percentage entitled to be retained at the date of this requisition;

3. the payment by the Commission of the invoices attached to this requisition will not result in any proceeds of the Bonds being used directly or indirectly in any trade or business carried on by any person who is not a "governmental person" within the meaning of Section 141 of the Code;

4. each invoice attached to this requisition and to be paid by the Commission has been incurred in or about the acquisition, construction, improving or equipping of the Projects, each item is a proper charge against the Project Fund, each obligation has not been the basis for a prior requisition that has been paid and no item or part thereof constitutes Costs of Issuance; and

5. no event has occurred and is continuing which constitutes an Event of Default under the Bond Indenture.
Attached hereto are invoices or other appropriate evidence of each obligation to be paid by the Commission pursuant to this requisition. The undersigned Authorized Officer hereby certifies that he has, that he shall make available for the Trustee for inspection upon Trustee's request, and that he shall retain as part of the Commission's records until all Bonds are fully paid, a copy of the invoice or other evidence of each obligation the payment of which is requisitioned, which invoice or evidence the Authorized Officer hereby certifies is appropriate to substantiate the subject obligation and is authorized under the Bond Indenture. The Trustee shall be entitled to rely conclusively upon the requisition and accompanying certificate. The Trustee shall be under no duty to inspect, analyze or verify any invoice, but shall hold such invoices solely as a repository for the benefit of the Bondholders.

Capitalized terms used are not otherwise defined herein shall have the meanings assigned to such terms in the Bond Indenture.

Dated: ________________

HIGHER EDUCATION POLICY COMMISSION

By: ______________________

Its: ______________________
EXHIBIT E

SERIES 2017 COSTS OF ISSUANCE FUND REQUISITION FORM

$____________

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds,
Series 2017

[The Bank of New York Mellon
385 Rifle Camp Road, 3rd Floor
West Paterson, New Jersey 07424
Attention: Corporate Trust Department]

Requisition Number: ____________

SERIES 2017 COSTS OF ISSUANCE FUND REQUISITION

You are hereby directed by the undersigned Authorized Officer of the Higher Education Policy Commission (the "Commission"), in accordance with Section 3.03 of the First Supplemental Indenture dated as of October 1, 2017 (the "Bond Indenture"), between the Commission and [The Bank of New York Mellon] (the "Trustee"), to pay the following persons the following amounts from proceeds of the above-captioned Bonds (the "Bonds") deposited in the Series 2017 Costs of Issuance Fund created under Section 3.03 of the Bond Indenture:

6. The name of each person, firm or corporation to whom payment is due is as follows:

7. The amount to be paid to each such person, firm or corporation is as follows:

8. The purpose for which each obligation to be paid was incurred is as follows:

The undersigned Authorized Officer hereby certifies as follows:

1. The obligations in the stated amounts have been incurred and are presently due and payable and each item thereof is a proper charge and has not been previously paid from the Series 2017 Costs of Issuance Fund.
2. There has not been filed with or served upon the Commission any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this Requisition, that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

3. No event has occurred and is continuing which constitutes an Event of Default under the Bond Indenture.

Attached hereto are invoices or other appropriate evidence of each payment request described in this Requisition.

Capitalized terms used are not otherwise defined herein shall have the meanings assigned to such terms in the Bond Indenture.

Dated: ___________________________  HIGHER EDUCATION POLICY COMMISSION

By: _____________________________

Its: _____________________________
NEW ISSUE – Book-Entry-Only

In the opinion of Bowles Rice LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rules and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, the interest on the Series 2017 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series 2017 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. In addition, under the Act, the Series 2017 Bonds and all interest and income thereon shall be exempt from all taxation by the State of West Virginia and any county, school district, municipality or political subdivision thereof. See "TAX MATTERS" herein for a description of certain provisions of the Code which may affect the tax treatment of interest on the Series 2017 Bonds for certain Bondholders.

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds,
Series 2017

Dated: Date of Delivery Due: July 1, as shown on inside cover

The State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017 (the "Series 2017 Bonds") and all other Bonds issued under the Bond Indenture dated as of December 1, 2009 (the "Original Indenture"), and the First Supplemental Indenture dated as of October __, 2017 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), between the West Virginia Higher Education Policy Commission (the "Commission") and [The Bank of New York Mellon], as Trustee, are issued pursuant to Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended (the "Act") and Chapter 29, Article 22 of the Code of West Virginia, 1931, as amended (the "Lottery Act"). Such Bonds shall be secured by and payable solely from the Trust Estate (as defined herein) pledged under the Indenture. The Series 2017 Bonds shall be primarily secured by and payable from certain Net Profits (as defined herein) of the West Virginia Lottery, as set forth in the Lottery Act, and Certain Racetrack Video Lottery Income (as defined herein), as set forth in Chapter 29, Article 22A of the Code of West Virginia, 1931, as amended (the "Racetrack Video Lottery Act"), transferred to the Trustee for deposit in the Series 2017 Bond Fund (the "Bond Fund") established under the Indenture. In addition, any and all remaining funds in the State Excess Lottery Revenue Fund (as defined herein), after payment of debt service on Excess Lottery Bonds (as defined herein) shall be made available to pay debt service on bonds issued pursuant to Section 18 of the Lottery Act including, but not limited to, the Series 2017 Bonds. "SECURITY FOR THE SERIES 2017 BONDS" herein.

The Series 2017 Bonds are issuable only as fully registered Bonds without coupons, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Beneficial owners of the Series 2017 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2017 Bonds, payments of the principal of and interest on the Series 2017 Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "APPENDIX E – BOOK-ENTRY ONLY SYSTEM"). [The Bank of New York Mellon, West Paterson, New Jersey], is Trustee for the Series 2017 Bonds pursuant to the Indenture.

The maturities, interest rates and yields of the Series 2017 Bonds are shown on the inside cover hereof. Interest on the Series 2017 Bonds will be payable on each January 1 and July 1, commencing January 1, 2018.

[The Series 2017 Bonds are subject to redemption prior to maturity in the manner set forth herein.]

Preliminary, subject to change.
The Series 2017 Bonds are being issued to (i) advance refund the outstanding principal amount of the State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A (the "Prior Bonds"), (ii) provide funds to finance the acquisition, construction, equipping or improvement of community and technical college facilities located in the State of West Virginia, and (iii) pay costs of issuing the Series 2017 Bonds.


This cover page contains certain summary information regarding the Series 2017 Bonds and is not a complete summary of the Series 2017 Bonds or the security therefor. Investors should read this entire Official Statement to obtain information necessary to the making of an informed investment decision. The capitalized terms not otherwise defined in this cover page have the same meaning as that meaning assigned to them elsewhere in this Official Statement.

The purchase of the Series 2017 Bonds involves certain investment considerations. See "INVESTMENT CONSIDERATIONS" herein.

The Series 2017 Bonds are offered when, as and if issued by the Commission and accepted by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to approval of the legality of the Series 2017 Bonds by Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Commission by its general counsel, Bruce R. Walker, Esquire, Charleston, West Virginia and for the Underwriters by their counsel, Steptoe & Johnson, PLLC, Charleston, West Virginia. Certain legal matters will be passed upon by Spilman Thomas & Battle, PLLC, Charleston, West Virginia, as disclosure counsel to the State and the Commission. It is expected that the Series 2017 Bonds will be available for delivery to DTC in New York, New York, on or about October __, 2017.

CITIGROUP

BofA MERRILL LYNCH PIPER JAFFRAY & CO. CREWS & ASSOCIATES, INC.

Dated: October __, 2017
$___________*

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds
Series 2017

<table>
<thead>
<tr>
<th>Maturity Year (July 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Price or Yield</th>
<th>CUSIP No.**</th>
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**CUSIP Numbers have been assigned by an independent company not affiliated with the Commission and are included on this cover page solely for the convenience of the Owners of the Series 2017 Bonds only at the time of issuance of the Series 2017 Bonds. Neither the Underwriters nor the Commission make any representation regarding the accuracy of such CUSIP numbers as stated in the above table or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 Bonds.

* Preliminary, subject to change
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 WEST VIRGINIA SECURITIES COMMISSION HAS NOT REVIEWED THE DISCLOSURE CONTAINED HEREIN AND THE COMMISSION IS RELYING ON AN EXEMPTION FROM REGISTRATION BY QUALIFICATION UNDER THE WEST VIRGINIA SECURITIES ACT. IMPORTANT RISK FACTORS ARE EXPLAINED HEREIN UNDER "INVESTMENT CONSIDERATIONS."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.


IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION INCLUDING, BUT NOT LIMITED TO, THE WEST VIRGINIA SECURITIES COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR COMPLETENESS OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES OTHER THAN THE SECURITIES OFFERED HEREBY, OR AN OFFER TO SELL OR SOLICITATION OF OFFERS TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2017 BONDS, BY ANY PERSON IN ANY JURISDICTION WHERE SUCH OFFER, OR SOLICITATION OR SALE WOULD BE UNLAWFUL IN SUCH JURISDICTION. NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMMISSION OR ANY OTHER PERSON. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY SERIES 2017 BONDS IMPLIES THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM THE COMMISSION AND THE LOTTERY COMMISSION AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION
IS NOT GUARANTEED BY AND SHOULD NOT BE CONSTRUED AS A REPRESENTATION BY ANY OF THE FOREGOING. THE PRESENTATION OF SUCH INFORMATION, INCLUDING BUT NOT LIMITED TO PLEDGED REVENUES AND OTHER FINANCIAL DATA, IS INTENDED TO SHOW RECENT HISTORIC INFORMATION AND IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT PAST EXPERIENCE, AS SHOWN BY SUCH FINANCIAL AND OTHER INFORMATION, WILL NECESSARILY 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 COMMISSION OR THE WEST VIRGINIA LOTTERY SINCE THE DATE HEREOF.

NO REPRESENTATION, WARRANTY OR GUARANTY IS MADE BY THE UNDERWRITERS AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IN THIS OFFICIAL STATEMENT, AND NOTHING CONTAINED IN THIS OFFICIAL STATEMENT IS OR SHALL BE RELIED UPON AS A PROMISE OR REPRESENTATION BY THE UNDERWRITERS. THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF THEIR RESPECTIVE 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.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS RELATING TO FUTURE RESULTS THAT ARE "FORWARD LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATED," "FORECASTED," "INTENDED," "EXPECTED," "ANTICIPATED," "PROJECTED," AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. ANY FORECAST IS SUBJECT TO 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.

THIS OFFICIAL STATEMENT SPEAKS ONLY AS OF THE DATE PRINTED ON THE COVER PAGE HEREOF. 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 CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE PARTIES REFERRED TO ABOVE SINCE THE DATE HEREOF IN ANY OF THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF OR THE DATE AS OF WHICH PARTICULAR INFORMATION WAS GIVEN, IF EARLIER. THIS OFFICIAL STATEMENT WILL BE MADE AVAILABLE THROUGH THE ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM, WHICH IS THE SOLE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY UNDER SECURITIES EXCHANGE COMMISSION RULE 15C2-12.
WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

MEMBERS OF THE WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION

MICHAEL J. FARRELL, ESQUIRE – Chairman

JENNY ALLEN

ANITA R. CASEY, ESQUIRE

JAMES W. DAILY, II

DIANE LEWIS JACKSON

DALE LOWTHER

ANDREW A. PAYNE III

GAYLE MANCHIN, Ex-Officio, Secretary of Education and the Arts

DR. STEVEN L. PAINE, Ex-Officio, State Superintendent of Schools

BOB BROWN, Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

ADMINISTRATIVE OFFICERS

DR. PAUL L. HILL, Chancellor of Higher Education for West Virginia

MATT TURNER, Executive Vice Chancellor for Administration

RICHARD B. DONOVAN, Senior Director of Facilities

DR. ED MAGEE, Vice Chancellor for Finance

BRUCE RAY WALKER, Esquire, General Counsel
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[TO COME]
OFFICIAL STATEMENT

$___________*

STATE OF WEST VIRGINIA
HIGHER EDUCATION POLICY COMMISSION
Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to set forth certain information concerning the State of West Virginia Higher Education Policy Commission (the "Commission") and its $___________* Community and Technical Colleges Capital Improvement Refunding Revenue Bonds, Series 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), including Chapter 18B, Article 10 of the Code of West Virginia, 1931, as amended (the "CTC Act"), Chapter 29, Article 22, Section 18 of the Code of West Virginia, 1931, as amended (the "Lottery Act"), a Resolution adopted by the Commission on __________ __, 2017, a Resolution adopted by the Council for Community and Technical College Education (the "Council") on __________ __, 2017, a Bond Indenture dated as of December 1, 2009 (the "Original Indenture"), and the First Supplemental Indenture dated as of October __, 2017 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"), between the Commission and [The Bank of New York Mellon, West Paterson, New Jersey], as trustee (the "Trustee"). The Series 2017 Bonds are initially issued in "book-entry" form only. See "APPENDIX F - BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2017 Bonds are being issued to (i) advance refund the outstanding principal amount of the State of West Virginia Higher Education Policy Commission Community and Technical Colleges Capital Improvement Revenue Bonds, 2009 Series A (the "Prior Bonds"), (ii) provide funds to finance the acquisition, construction, equipping or improvement of community and technical college facilities located in the State of West Virginia, and (iii) pay costs of issuing the Series 2017 Bonds. [A list of the projects that have been approved to be financed in whole or in part with proceeds of the Series 2017 Bonds is included in Appendix A hereto (the "Projects"). This list is provided for informational purposes only. Other Projects may be substituted for one or more of the Projects listed in Appendix A without notice to or approval of the owners of the Series 2017 Bonds.] The Commission will not own the Projects financed with the proceeds of the Series 2017 Bonds and no lien or security interest in the Projects is being granted to the owners of the Series 2017 Bonds. See "INVESTMENT CONSIDERATIONS."

The principal of, premium, if any, and interest on the Series 2017 Bonds are special, limited obligations of the Commission payable solely from and secured by the Trust Estate (defined herein), which includes (i) a pledge of Pledged Revenues as, when and if the same are received by the Trustee, which Pledged Revenues are to be held in trust by the Trustee for such purposes, and (ii) from other amounts derived from the Trust Estate (as defined herein), in the manner and to the extent provided under the Indenture. "Pledged Revenues" consist of (i) all amounts held in the Community and Technical College Capital Improvement Fund (which is funded from moneys transferred from the State Lottery Fund pursuant to the Lottery Act, as described herein), which are transferred to the Trustee for deposit into the Bond Fund under the Indenture, and (ii) all earnings thereon.


*Preliminary, subject to change.
Security for the Series 2017 Bonds

All Bonds issued by the Commission under the Indenture, including the Series 2017 Bonds (the Series 2017 Bonds and any Additional Bonds issued under the Indenture are collectively referred to herein as the "Bonds"), are secured by the Trust Estate (defined herein).

The Act, the Lottery Act and, with respect to the Racetrack Video Lottery, the Racetrack Video Lottery Act, together collectively provide a system through which a defined amount of "net profit" of instant and on-line games (except the Veterans’ Instant Lottery) (collectively, the "Traditional Games") of the West Virginia Lottery and Certain Racetrack Video Lottery Income (as defined below) is dedicated to the payment of debt service on the Bonds. "Net profit" is statutorily defined to mean all gross amounts received from Traditional Games less: (i) a minimum annual average of 45% of the gross amount received from each lottery allocated and disbursed as prizes, and (ii) not more than 15% of the gross amount received from each lottery allocated to and disbursed, as necessary for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit (the "Net Profits"). The State Lottery Fund also receives each fiscal year, revenues equal to 30% of net terminal income up to the Net Benchmark (as defined herein), plus the excess of allowed administrative costs over actual incurred administrative costs derived from racetrack video lottery gross terminal income, less authorized transfers of up to $9.0 million a year for deposit into the Racetrack Modernization Fund (the deposit of such funds into the State Lottery Fund is referred to as "Certain Racetrack Video Lottery Income"). Net Profits and Certain Racetrack Video Lottery Income are then deposited in the State Lottery Fund for payment of debt service and other appropriations.

From the State Lottery Fund, monthly transfers are first made to the School Building Debt Service Fund (the "School Building Debt Service Fund") pursuant to Chapter 18, Article 9D of the Code of West Virginia, 1931, as amended (the "School Building Authority Act") and the Lottery Act to pay debt service on the School Building Authority Bonds (as herein defined). After satisfying such requirement, and after satisfying the requirements for the monthly transfers of funds from the State Lottery Fund dedicated to the Education, Arts, Sciences and Tourism Debt Service Fund (the "EAST Fund") to pay debt service on the EAST Lottery Bonds (as defined herein), and then satisfying the requirements for the monthly transfers of funds dedicated to the Community and Technical College Capital Improvement Fund to pay debt service on the Bonds (the School Building Authority Bonds, the East Lottery Bonds, the Bonds and any future bonds issued pursuant to Section 18 of the Lottery Act, are referred to herein as the "Lottery Bonds"), and the payment of debt service from the School Building Debt Service Fund, the EAST Fund and the Community and Technical College Capital Improvement Fund is referred to as "Lottery Bonds Debt Service"). After satisfying the requirements for the monthly transfers of funds dedicated to the payment of Lottery Bonds Debt Service, funds on deposit in the State Lottery Fund shall be made available to pay Excess Lottery Bonds Debt Service (as herein defined), if and to the extent needed for such purpose from time to time. The remaining funds on deposit in the State Lottery Fund are appropriated by the State Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources; provided, however, that no such transfers shall be made to any of these accounts other than the School Building Debt Service Fund (i) during any period in which a default exists with respect to Lottery Bonds Debt Service, or (ii) when Net Profits and Certain Racetrack Video Lottery Income for the preceding 12 months are not at least equal to 150% of Lottery Bonds Debt Service.

The Lottery Act provides that, beginning on or before the 28th day of each month, as long as the Bonds are outstanding, the Lottery Director of the West Virginia Lottery shall allocate to the Community and Technical College Capital Improvement Fund an amount equal to one tenth of the projected annual principal, interest and coverage ratio requirements on any and all bonds and refunding bonds issued, or to be issued, on or after April 1, 2008, as certified to the Lottery Director in accordance with the Act, provided, that in no event shall said monthly amount exceed $500,000 per month nor $5,000,000 per fiscal year, to be transferred to the Trustee to pay debt service on the Series 2017 Bonds.
The Lottery Act also permits the Commission to grant a third-in-priority lien on the proceeds of the net State Lottery Fund up to a maximum amount equal to the projected annual principal, interest and coverage ratio requirements, not to exceed $7,500,000 annually. See "SECURITY FOR THE SERIES 2017 BONDS" herein.

Since July 1, 2014, any and all remaining funds in the State Excess Lottery Revenue Fund, after payment of debt service pursuant to Section 18a (for bonds issued by the School Building Authority, bonds issued by the West Virginia Economic Development Authority, and bonds issued by the Commission), Section 18d (for bonds issued by the West Virginia Water Development Authority for infrastructure), and Section 18e (for bonds issued by the West Virginia Economic Development Authority for state park improvements) of the Lottery Act (bonds issued pursuant to Section 18a, Section 18d and Section 18e of the Lottery Act are referred to as “Excess Lottery Bonds” and the payment of debt service on Excess Lottery Bonds is referred to as “Excess Lottery Bonds Debt Service”), shall be made available to pay Lottery Bonds Debt Service, if and to the extent needed for such purpose from time to time. Accordingly, any such remaining funds in the State Excess Lottery Revenue Fund are available to pay Lottery Bonds Debt Service on the Lottery Bonds, including debt service on the Series 2017 Bonds. See “SECURITY FOR THE SERIES 2017 BONDS – Backup Pledge” herein.

Investment Considerations

The purchase of the Series 2017 Bonds is subject to certain risks, including those described herein under "INVESTMENT CONSIDERATIONS."

The Commission

The Commission is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees. The Commission, along with an Interim Governing Board and separate Institutional Governing Boards, were formed in June of 2000 as part of a restructuring of higher education. The Interim Governing Board was abolished on July 1, 2001, and replaced with separate Institutional Governing Boards.

The Commission is authorized to issue the Series 2017 Bonds pursuant to the Constitution and laws of the State, including the Act and the Lottery Act, a Resolution adopted by the Commission on __________ __, 2017, and the Indenture. A portion of the proceeds of the Series 2017 Bonds will be used to advance refund the outstanding principal amount of the Prior Bonds. The Legislature of the State, by the enactment of Senate Bill 448 (effective on March 13, 2004), segregated the administration of four-year programs and two-year programs at the state institutions of higher education from the Commission and placed the two-year programs under the Council. The four-year programs are now administered by the Commission and the two-year programs are now administered by the Council.

The Commission currently has outstanding other revenue bonds that are payable from other sources. The outstanding revenue bonds of the Commission will not be payable from or have a lien on the Trust Estate (defined herein).

Miscellaneous

Definitions of certain terms used in this Official Statement and the form of the Indenture are set forth in APPENDIX C to this Official Statement. In addition, this Official Statement contains brief descriptions of, among other things, the State and the Commission. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Series 2017 Bonds are qualified in their entirety by reference to the forms of bond included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee or the Commission.
THE SERIES 2017 BONDS

General

The Series 2017 Bonds are issued initially in fully registered form in authorized denominations of $5,000 or any integral multiple thereof. The Series 2017 Bonds are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Except as provided for herein, the Series 2017 Bonds will be dated, will mature on the dates and in the principal amounts, and bear interest at the rates, all as set forth on the inside cover page of this Official Statement.

Interest on the Series 2017 Bonds is payable on January 1 and July 1 of each year, commencing January 1, 2018. Interest with respect to the Series 2017 Bonds will be computed using a year of 360 days comprised of twelve 30-day months. The record date is the fifteenth day of the month (whether or not a business day) immediately preceding each interest payment date for the Series 2017 Bonds. The Series 2017 Bonds are subject to redemption prior to maturity as described below under "THE SERIES 2017 BONDS – Redemption" and acceleration as described under APPENDIX C – "FORM OF THE INDENTURE – Defaults and Remedies."

Certain capitalized terms used herein are taken from the Indenture. All times used herein are New York City times unless otherwise indicated.

Redemption

The Trustee shall establish, maintain and hold in trust a separate fund designated as the Series 2017 Redemption (the "Redemption Fund"). Within the Redemption Fund, the Trustee shall establish, maintain and hold in trust a separate account designated as the "Series 2009 A Redemption Account" established for the Prior Bonds under Section 5.03 under the Original Indenture. Also within the Redemption Fund, the Trustee shall establish, maintain and hold in trust a separate account designated as the "Optional Redemption Account." The Trustee shall deposit Pledged Revenues in the Optional Redemption Account in accordance with Section 5.03 of the First Supplemental Indenture.

The Series 2017 Bonds are subject to optional and mandatory redemption prior to their stated maturities as follows:

(A) Optional Redemption of Bonds. The Series 2017 Bonds maturing on or after July 1, 20__ are subject to redemption in whole or in part at any time (and if in part, in such order of maturity as the Trustee shall specify and within a maturity by lot or by such other method as the Trustee determines to be fair and reasonable and in authorized denominations) on and after July 1, 2019 at a Redemption Price equal to the principal amount called for redemption, without premium, plus accrued interest, if any, to the date fixed for redemption.

(B) Sinking Fund Redemption. The Series 2017 Bonds maturing on [July 1, 20__, July 1, 20__, July 1, 20__, July 1, 20__, and July 1, 20__], are also subject to redemption prior to their stated maturity date, in part, from Mandatory Sinking Account Payments deposited in the Principal Fund (defined herein) pursuant to Section 5.03 of the Indenture on July 1 of each of the years set forth below, in the principal amounts set forth below, without premium, plus interest accrued thereon to the date fixed for redemption.
Term Bonds Due __________, 20__, Year __________, Amount __________

* Stated Maturity

**Book-Entry Only System**

The Series 2017 Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2017 Bonds. One fully-registered Series 2017 Bond will be issued for each maturity, and will be deposited with the DTC.

Purchases of the Series 2017 Bonds will be made only in book-entry form through DTC Participants in the principal amount of $5,000 and integral multiples thereof and no physical delivery of the Series 2017 Bonds will be made to purchasers. Unless otherwise provided herein, payments of the principal, interest and premium, if any, will be made to purchasers by DTC through its Participants.

Except as otherwise provided herein or in APPENDIX F – "BOOK-ENTRY ONLY SYSTEM," each actual purchaser of each Series 2017 Bond ("Beneficial Owner") will not be or be considered to be and will not have any rights as, owners or holders of the Series 2017 Bonds under the Indenture. For additional information about DTC and the book-entry-only system, see APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

**PLAN OF FINANCE**

The proceeds of the Series 2017 Bonds will provide funds to (i) advance refund the outstanding principal amount of the Prior Bonds, (ii) provide funds to finance the acquisition, construction, equipping or improvement of community and technical college facilities located in the State of West Virginia, and (iii) pay costs of issuing the Series 2017 Bonds. See "SOURCES AND USES OF FUNDS" herein. [A list of the Projects that have been approved to be financed in whole or in part with proceeds of the Series 2017 Bonds is included in Appendix A hereinafter. This list is provided for informational purposes only. Other Projects may be substituted for one or more of the Projects listed in Appendix A without notice to or approval of the owners of the Series 2017 Bonds.]

A portion of the proceeds of the Series 2017 Bonds will be applied to advance refund the Prior Bonds maturing July 1, 20__ through __________, July 1, 20__, and July 1, 20__ through __________, through the acquisition of the Escrow Funds (described below), being direct obligations of the United States or obligations, the principal and interest of which are guaranteed by the United States and the principal of and interest on which when due will provide moneys sufficient to pay principal and interest on the Series 2017 Bonds as they come due on their principal and interest payment dates, with final redemption on __________ 1, 20__.

The proceeds of the Series 2017 Bonds, in an amount sufficient to redeem the Prior Bonds in full on the Redemption Date ("Escrow Funds"), as described in the immediately preceding paragraph of this Plan of Finance section, will be deposited with ____________, as Escrow Agent (the "Escrow Agent") in trust for the payment of the principal of, premium, if any, and the interest on (the "Redemption Price") the Prior Bonds pursuant to the terms of an Escrow Agreement dated as of __________ 1, 2017, between the Commission and the Escrow Agent (the "Escrow Agreement"). Upon the deposit of the Escrow Funds in trust, the Prior Bonds will be deemed paid under the terms of the Indenture, and the covenants, agreements and other obligations of the Commission to the Prior Bondholders under the Indenture shall be discharged and satisfied. See "VERIFICATION AGENT" and "SOURCES AND USES OF FUNDS" herein.
SOURCES AND USES OF FUNDS

The sources and uses of funds are as follows:

SOURCES OF FUNDS

- Principal Amount of the Series 2017 Bonds*
- Net Original Issue [Premium/Discount]

Total Sources of Funds

USES OF FUNDS

- Deposit to Escrow Fund
- Deposit to Series 2017 Project Fund
- Costs of Issuance ¹

Total Uses of Funds

*Preliminary, subject to change.
¹ Representing legal and financing fees, underwriters' discount, printing costs and other miscellaneous expenses. Includes fees and expenses of Bond Counsel, Disclosure Counsel, Underwriters' discount, Escrow Agent, Escrow Agent's Counsel, fees for the rating agencies, Verification Agent fees, Financial Advisor fees, other legal fees if any, accounting fees, printing fees, and miscellaneous fees and expenses relating to the issuance of the Series 2017 Bonds.
# ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year ending June 30, the amounts to be required in each fiscal year for the payment of debt service on the Series 2017 Bonds.

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Series 2017 Bonds Principal</th>
<th>Series 2017 Bonds Interest</th>
<th>Total Debt Service</th>
</tr>
</thead>
</table>
SECURITY FOR THE SERIES 2017 BONDS

Limited Obligations

The Series 2017 Bonds are special, limited obligations of the Commission payable solely from the Trust Estate pledged under the Indenture. The Series 2017 Bonds shall not constitute a debt or a pledge of the faith and credit or taxing power of the State of West Virginia or of any county, municipality or any other political subdivision of said State, nor shall any of the obligations or debts of the Commission created under the Indenture be deemed to be obligations of the State or any county, municipality or any other political subdivision thereof. The owners of the Series 2017 Bonds shall have no right to have taxes levied by the Legislature of the State of West Virginia or the taxing authority of any county, municipality or any other political subdivision of the State for the payment of the principal thereof or interest thereon, but the Series 2017 Bonds, together with any Additional Bonds which may subsequently be issued on a parity therewith, shall be payable equally and ratably solely from the Trust Estate pledged under the Indenture. The Commission has no taxing power.

Trust Estate

Under the Indenture, the Commission has conveyed, granted, assigned, transferred, pledged, set over, confirmed and granted a security interest in, unto the Trustee, the Trust Estate as security for the payment of the principal of and premium, if any, and interest on the Bonds. The Trust Estate is comprised of (i) all right, title and interest of the Commission in and to the Pledged Revenues, as hereafter defined, and the present and continuing right to make claim for, collect, receive and receipt for the Pledged Revenues, (ii) any and all moneys held from time to time by the Trustee in any fund or account under the Indenture (other than the rebate fund), and (iii) earnings thereon (the "Trust Estate").

"Pledged Revenues" means all amounts held in the Community and Technical College Capital Improvement Fund, and all earnings thereon.

The Series 2017 Bonds will be secured equally and ratably and solely by the Trust Estate with any Additional Bonds issued under the Indenture. Until Additional Bonds are issued, however, the Series 2017 Bonds will be the only bonds payable out of the Trust Estate.

Coverage Requirements; Lien on the Proceeds of the State Lottery Fund

In the Indenture, the Commission has established a coverage requirement for the Series 2017 Bonds equal to 150% of Maximum Annual Debt Service, as defined in the Indenture. Pursuant to Section 18(j)(1) of the Lottery Act, the Commission has granted in the Indenture a third-in-priority lien, for the benefit of the Holders from time to time of the Bonds, on the proceeds of the State Lottery Fund up to a maximum amount equal to the projected annual principal, interest and coverage ratio requirements on the Bonds, not to exceed $7,500,000.00 annually, to secure the payment of the principal or Redemption Price of, and interest on the Bonds, in accordance with their terms and the provisions of the Indenture. See APPENDIX C – "FORM OF THE INDENTURE."

Backup Pledge

Since July 1, 2014, revenues that were previously transferred pursuant to statutory direction and distributed to certain entities prior to being deposited to either the State Lottery Fund or the State Excess Lottery Revenue Fund are now deposited directly to the State Excess Lottery Revenue Fund. This new deposit of funds represents additional deposits of: (i) certain video lottery net terminal income and table games adjusted gross receipts from the State’s four (4) racetrack casinos (the “WV Racetrack Casinos”); and (ii) certain gross terminal income and certain net income from the Greenbrier Resort. These additional deposits into the State Excess Lottery Revenue Fund are available for payment of Excess Lottery Bonds Debt Service on Excess Lottery Bonds, and then are available for payment of Lottery Bonds Debt Service including, without
limitation, the Series 2017 Bonds (to the extent there are insufficient funds on deposit in the State Lottery Fund to make payments of Lottery Bonds Debt Service), and then become available for appropriation by the State Legislature, to be paid on a pro rata basis from moneys that remain in any given month after the payment of debt service. See “THE WEST VIRGINIA LOTTERY – “The State Excess Lottery Revenue Fund.” Additionally, since July 1, 2014, any and all remaining funds in the State Excess Lottery Revenue Fund, after payment of Excess Lottery Bonds Debt Service is made available to support the payment of Lottery Bonds Debt Service. See “THE WEST VIRGINIA LOTTERY – “The State Excess Lottery Revenue Fund.”

Under the Lottery Act, in the event there are insufficient funds on deposit in the State Lottery Fund to make the $500,000 monthly deposit into the Community and Technical College Capital Improvement Fund, the Lottery’s process will be to have the Lottery Director transfer such additional amounts as necessary to equal $500,000 from funds on deposit in the State Excess Lottery Revenue Fund following all required 1/10th transfers to all of the funds used to pay Excess Lottery Bonds Debt Service. See “THE WEST VIRGINIA LOTTERY – “The State Excess Lottery Revenue Fund” for additional discussion regarding the availability of funds from the State Excess Lottery Revenue Fund to be used to pay debt service on bonds payable from the State Lottery Fund, as may be needed from time to time.

Flow of Funds

On the 28th day of each month, the Net Profits and Certain Racetrack Video Lottery Income is deposited by the Lottery Director in the Community and Technical College Capital Improvement Fund in an amount equal to one tenth of the projected annual principal, interest and coverage ratio requirements on the Series 2017 Bonds, as certified to the lottery director in accordance with the Act, provided, that in no event shall said monthly amount exceed $500,000 per month nor $5,000,000 per fiscal year. The foregoing amounts on deposit in the Community and Technical College Capital Improvement Fund are then transferred by the Commission to the Trustee.

All funds received by the Trustee from the Community and Technical College Capital Improvement Fund shall be deposited into the Bond Fund and held and administered in accordance with the terms of the Indenture.

Within the Bond Fund, the Trustee shall establish, maintain and hold in trust a separate fund designated as the Series 2017 Interest Fund (the "Interest Fund"). All amounts in the Interest Fund shall be used and withdrawn by the Trustee, on a pro rata basis, solely for the purpose of paying the interest on the Series 2017 Bonds as the same becomes due and payable (including accrued interest on any Series 2017 Bonds redeemed prior to maturity pursuant to the Indenture). Moneys in the Interest Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

From the Pledged Revenues, the Trustee shall deposit the following into the Interest Fund when and as such Pledged Revenues are received:

1. all accrued interest, if any, received at the time of the issuance, sale and delivery of the Series 2017 Bonds;

2. all Pledged Revenues remitted for the payment of interest on the Series 2017 Bonds which shall be deposited by the Trustee to the Interest Fund until such time as the Trustee has sufficient moneys in the Interest Fund to pay the interest due on the next interest payment for the Series 2017 Bonds;

3. all interest, profits and other income received from the investment of moneys in the Interest Fund; and

4. any other Pledged Revenues not required to be deposited in any other fund or account established pursuant to the Indenture.
Within the Bond Fund, the Trustee shall establish, maintain and hold in trust a separate fund designated as the Series 2017 Principal Fund (the "Principal Fund"). The Trustee shall establish, maintain and hold in trust within the Principal Fund a separate Mandatory Sinking Account. All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely to redeem the Series 2017 Bonds, or pay the Series 2017 Bonds at maturity, as provided herein. Moneys in the Principal Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

From the Pledged Revenues, the Trustee shall deposit the following into the Principal Fund when and as such Pledged Revenues are received, after satisfying the requirements of (2) above with respect to deposits into the Interest Fund:

(1) all Pledged Revenues remitted for the payment of principal on the Series 2017 Bonds; and

(2) all interest, profits and other income received from the investment of moneys in the Principal Fund.

On each Mandatory Sinking Account Payment date, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Series 2017 Bonds, in the amounts and upon the notice and in the manner provided in the Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the Commission, apply such moneys to the purchase of Series 2017 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Commission may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Series 2017 Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Series 2017 Bonds with moneys in the Principal Fund, or, during said period and prior to giving said notice of redemption, the Commission has deposited Series 2017 Bonds with the Trustee, or Series 2017 Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Series 2017 Bonds so purchased or deposited shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Series 2017 Bonds purchased or deposited pursuant to this subsection shall be canceled and destroyed by the Trustee to or upon the order of the Commission. All Series 2017 Bonds purchased from the Principal Fund or deposited by the Commission with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as selected by the Commission.

For a description of other funds and accounts created under the Indenture, see APPENDIX C – "FORM OF THE INDENTURE."

Additional Bonds

The Commission may issue Additional Bonds, on a parity with the lien of the Series 2017 Bonds and all other outstanding Bonds, on the Bond Fund established under the Indenture if the Commission delivers a certificate to the effect that (i) the maximum amount of debt service which may be payable in the then current or any subsequent Fiscal Year, and the maximum aggregate face value of such Additional Bonds, together with all Bonds theretofore issued, do not exceed the amounts then permitted under the Lottery Act, and (ii) the net profit, as determined by the Lottery Act, derived from operation of the State lottery deposited in the State Lottery Fund, during the twelve consecutive months prior to the issuance of such Additional Bonds, after satisfying the requirements for funds dedicated to the School Building Debt Service Fund to retire bonds issued by the School Building Authority of West Virginia and after satisfying the requirements for funds dedicated to the EAST Fund to retire bonds issued by the State Building Commission or the West Virginia Economic Development Authority, is not less than 200% of the maximum amount of debt service which may be payable in the then current or any
subsequent Fiscal Year with respect to such Additional Bonds, together with all Bonds theretofore issued. See APPENDIX C – "FORM OF THE INDENTURE – Additional Bonds."

Recent and Anticipated Financings

On August __, 2017, the State of West Virginia, through the West Virginia Economic Development Authority, issued its $_________Excess Lottery Revenue Bonds, Series 2017 A (Tax-Exempt) and its $_______Excess Lottery Revenue Bonds, Series 2017 B (Taxable), to finance certain capital improvements and renovations at Cacapon Resort State Park and to fund a maintenance reserve fund.


THE WEST VIRGINIA LOTTERY

The West Virginia Lottery was constitutionally authorized on November 6, 1984. The Lottery Act was enacted during the 1985 legislative session of the State Legislature. The Lottery Act created the State Lottery Commission (the "Lottery Commission"), which sets policy and direction for the West Virginia Lottery. The West Virginia Lottery sold its first scratch-off tickets on January 9, 1986, and sales for online games began in November of that same year. In 1989, as part of a general reorganization of the State's government, the Lottery Commission was made a part of the newly created State Department of Revenue, presided over by a Cabinet Secretary.

The Lottery Commission

The Lottery Commission consists of seven (7) commissioners appointed to staggered terms by the Governor. The Lottery Act provides that one (1) commissioner shall be a lawyer, one (1) shall be a certified public accountant ("CPA"), one (1) shall be a computer expert, one (1) shall have not less than five (5) years' experience in law enforcement and one (1) shall be qualified by experience and training in the field of marketing. The two (2) remaining commissioners shall be representative of the public at large. The Lottery Commission sets the policies and the direction for the West Virginia Lottery, including the adoption of rules and regulations. The current commissioners and their respective qualifying positions are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Qualifying Position</th>
<th>End of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Bicksler</td>
<td>CPA</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>Kenneth L. Greear, Chairman</td>
<td>Computer Expert</td>
<td>June 30, 2018</td>
</tr>
<tr>
<td>Dan A. Marshall</td>
<td>Attorney</td>
<td>June 30, 2022</td>
</tr>
<tr>
<td>Roy E. Shrewsbury, II</td>
<td>Public Member At-Large</td>
<td>June 30, 2019</td>
</tr>
<tr>
<td>William I. Clayton, Vice Chairman</td>
<td>Public Member At-Large</td>
<td>June 30, 2020</td>
</tr>
<tr>
<td>Andrew B. Kniceley</td>
<td>Marketing Expert</td>
<td>June 30, 2022</td>
</tr>
<tr>
<td>William Laird</td>
<td>Law Enforcement</td>
<td>June 30, 2021</td>
</tr>
</tbody>
</table>
The Lottery Act creates the position of Director of the Lottery Office (the "Lottery Director") and three (3) divisions within the West Virginia Lottery – a Security and Licensing Division ("Lottery Security"), a Personnel, Accounting and Administration Division ("Finance and Administration") and a Marketing, Education and Information Division ("Marketing"). Four (4) additional divisions have been administratively created by the Lottery Commission to oversee the Racetrack Video Lottery, Limited Video Lottery and Table Games. They are the Video Lottery Division, the Licensing Division, the Limited Video Lottery Security Division and the Table Games Division. A description of senior management and key staff of the West Virginia Lottery is set forth below.

**Director:** Alan Larrick was appointed by Governor Jim Justice as the Director of the West Virginia Lottery in January 2017. Mr. Larrick is a graduate of West Virginia University. He practiced law in Beckley, West Virginia, for 38 years. He is a former partner of Ragland and Larrick, where he remained until 1996, when he formed Larrick Law Offices. Mr. Larrick has served on the Board of Directors of First State Bank and the Beckley YMCA. He has also served as a member of the regional Board of Directors of City National Bank, the President and Treasurer of the Raleigh County Bar Association, and President of the Raleigh County Chapter of the West Virginia Alumni Association.

**Finance and Administration:** Dean W. Patrick, CPA, MBA, is the Chief Financial Officer and Deputy Director for Finance and Administration. Mr. Patrick joined the West Virginia Lottery in April 2007. Prior to that time, he was employed as CFO for Boll Medical, Inc. and was an accounting supervisor with Union Carbide Corporation. He is a graduate of the University of Charleston.

**Marketing:** Tommy Young, Deputy Director of Marketing, joined the West Virginia Lottery in January 2016. Prior to joining the West Virginia Lottery, Mr. Young was employed by ZMM Architects & Engineers. He is a former U.S. Marine serving from 1984 – 1991 and the West Virginia National Air Guard from 1991 – 2007.

**Lottery Security:** Ray Moore, Deputy Director for Lottery Security, joined the West Virginia Lottery in 2002. Prior to his employment with the West Virginia Lottery, Mr. Moore served for 25 years with the West Virginia State Police. He is a graduate of Bluefield State College and the FBI National Training Academy.

**Racetrack, Racetrack Security and Table Games:** David R. Bradley, Deputy Director for Table Games, joined the West Virginia Lottery in January 1991. Prior to joining the West Virginia Lottery, Mr. Bradley was employed by Kanawha County Schools. He is a graduate of West Virginia University Institute of Technology.

**Video Lottery:** Robert D. Humphrey, Acting Deputy Director for Video Lottery joined the West Virginia Lottery in September 2002. Prior to joining the West Virginia Lottery, Mr. Humphrey was employed as Operations Manager for Thomas Memorial Hospital. Mr. Humphrey is a graduate of West Virginia State University and Marshall University.

**Limited Video Lottery Security:** M. Alvin Rose, Deputy Director for Video Security, joined the West Virginia Lottery in September 1997. Prior to joining the West Virginia Lottery, Mr. Rose served as sergeant with the West Virginia State Police, retiring with 25 years' service. He holds a master's degree from West Virginia University.

**Overview of Lottery Operations**

The headquarters of the West Virginia Lottery is in Charleston, West Virginia in a 13-story, 142,000 square-foot building containing approximately 51,300 total square feet of space for operations. The West Virginia Lottery has approximately 200 employees. The West Virginia Lottery contracts with GTECH Corporation, based in Providence, Rhode Island, for the operation of its instant and online games. GTECH owns and operates the central computer system for traditional games at a nearby facility. The approximately 1,500 retailers selling traditional games are connected to this system.
The West Virginia Lottery owns and operates a Scientific Games Aegis Video central computer system that controls all video lottery machines for both racetrack and limited video lottery. Recently, the West Virginia Lottery finalized a new contract with Scientific Games for a new Connexus central computer system to monitor and control all video lottery machines in the State. Under the new $4.25 million contract, Scientific Games will install the new Connexus system to replace the Aegis Video system that was installed in 2006. The new Connexus system will use up-to-date IP cellular connections that are faster and more reliable that the current dial-up phone connections used to relay data from approximately 14,000 video lottery machines in over 1,400 bars, clubs and fraternal organizations around the State. The new system will also control and monitor over 7,000 video lottery machines in the Racetrack Casinos and the casino at the Greenbrier Resort. The Connexus system will not go into operation until January 2018, in order to provide existing video lottery retailers and distributors time to make upgrades to existing machines.

The West Virginia Lottery's computer operations, instant and online game systems, the Aegis Video system and the West Virginia Lottery's internal computing and email systems are duplicated and run parallel in real time at the West Virginia Lottery's newly constructed Bridgeport, West Virginia facility, which was completed in December of 2015. The Bridgeport, West Virginia facility contains approximately 8,260 square feet and functions as a backup for computer operations when it is from time to time necessary, and as the business recovery site for the West Virginia Lottery's operations. The facility is located 120 miles north of the West Virginia Lottery's headquarters and is within a separate grid system from the Charleston, West Virginia headquarters for both telecommunications and electrical power.

Sales for Traditional Games are collected weekly via electronic funds transfer (sweep) from each retailers account. Such collections are net of commissions, bonuses earned and any prizes that may have been paid by each retailer.

Racetrack Video Lottery sales (net of prizes) are swept daily each banking day from each of the Racetrack Casinos. The racetracks and others' shares are remitted to each entity weekly.

The State's share of limited video lottery proceeds, as well as the 2% administrative fee, is collected from each owner of limited video lottery machines monthly. Invoices are mailed after the first day of the month for the preceding month's activity. The funds are then swept on the 10th day of the month.

Racetrack Table Games are operated at all Racetrack Casinos. The State's share of adjusted gross receipts is swept weekly.

The State's share of gross terminal income and adjusted gross receipts from gaming at the Greenbrier Resort is swept weekly.

The West Virginia Lottery has a series of blanket bonds covering business defaults. Racetracks provide individual bonds to the West Virginia Lottery.

Lottery Games – General

The West Virginia Lottery operates all of its games out of its Charleston, West Virginia office. Six (6) different games are offered: Instant games (scratch-off tickets), online numbers games, Racetrack Video Lottery Games, Racetrack Table Games, Limited Video Lottery Games and casino games at the Greenbrier Resort. Instant games have been offered since the start of the West Virginia Lottery in January 1986 and accounted for 6.7% of lottery sales for the fiscal year ended June 30, 2017. Sales of online numbers games began later in 1986 and accounted for 8.7% of lottery sales in fiscal year 2017.
Racetrack Video Lottery was first introduced in 1990 and later expanded to all four (4) racetracks in the State after the passage of the Racetrack Video Lottery Act in March 1994. For the fiscal year ended June 30, 2017, Racetrack Video Lottery accounted for 48.4% of total lottery sales. Mountaineer Casino Racetrack & Resort accounted for 9.5% of total lottery sales, Wheeling Island Hotel-Casino-Racetrack accounted for 8.2% of total lottery sales, Mardi Gras Casino & Resort accounted for 4.3% of total lottery sales, and Hollywood Casino at Charles Town Races accounted for 26.4% of total lottery sales.

Limited Video Lottery legislation was passed in the spring of 2001, and the game sales started in mid-December of that year. During fiscal year 2017, Limited Video Lottery accounted for 32.2% of total lottery sales.

Racetrack Table Games legislation was passed in March 2007, and became effective as of June 6, 2007. In October 2007, Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack opened poker only table games. In December 2007, both opened full table game operations. In October 2008, Mardi Gras Casino & Resort began table games operations. Racetrack Table Games became operational at Hollywood Casino at Charles Town Races on July 1, 2010. During fiscal year 2017, table games accounted for approximately 3.6% of total sales of the West Virginia Lottery.

Legislation enacted in 2009 authorized and governs the operation of video lottery and casino games at the Greenbrier Resort and provides that the State's share of gross terminal income and adjusted gross receipts derived therefrom be deposited into the Historic Resort Hotel Fund. Slot machines and table game operations at the Greenbrier Resort are nearly identical to the gaming offered at the Racetrack Casinos. During fiscal year 2017, the Greenbrier Resort accounted for 0.4% of total sales of the West Virginia Lottery. A detailed description of Traditional Games, Racetrack Video Lottery Games, Limited Video Lottery Games and Racetrack Table Games follows.

Traditional Games

A variety of instant tickets is offered to the public. Instant tickets are sold at each West Virginia Lottery retailer, currently numbering approximately 1,500. Instant games are introduced monthly, with approximately 42 games being introduced in a single year. Twenty to 24 games are available for participation at any given time. The West Virginia Lottery believes that the constant change of games increases player interest. Instant lottery games offer overall payouts of between 62% and 70%. The West Virginia Lottery's instant ticket vendor, GTECH Corporation, manufactures instant tickets that are scratch-off tickets. The State Legislature during its 2013 Session updated the West Virginia Lottery Legislative Rule so the West Virginia Lottery may offer price points on instant scratch off tickets up to $20, an increase over the previous $5 price point limit. The West Virginia Lottery may authorize special purpose scratch-off tickets from time to time at price points above the $20 limit with the approval of the Lottery Director.

Traditional online numbers games with periodic drawings are currently comprised of 3-digit and 4-digit daily games, Cash25 (a cash lotto game), POWERBALL®, a multi-state lotto game, with a guaranteed starting jackpot of $40 million, MEGA MILLIONS®, a multi-state lotto game, with a guaranteed starting jackpot of $12 million and HOT LOTTO SIZZLER®™, also a multi-state game, with a guaranteed starting jackpot of $1 million. In the fall of 2009, the state lotteries that sell the POWERBALL® game and the state lotteries that sell the MEGA MILLIONS® game agreed to a cross-selling agreement whereby every such state lottery was to sell both of the interstate large-jackpot games. West Virginia began selling the MEGA MILLIONS® game on January 31, 2010. TRAVEL/KENO is West Virginia's quick draw Keno, online lottery game. TRAVEL/KENO is played with numbers from 1 to 80. In each game, 20 of the 80 numbers are randomly selected by the West Virginia Lottery's computer from a computer number generator. Winning numbers are displayed on monitors at certain retailers located throughout the State. A new game is played every five (5) minutes. TRAVEL/KENO has an average payout of approximately 60%. By statute, TRAVEL/KENO is limited to adult drinking establishments and retail liquor stores. The top prize in TRAVEL/KENO is $100,000, unless the KENO Bonus option is chosen, in which case the top prize may increase to 10-times the amount won.
Racetrack Video Lottery Games

Racetrack Video Lottery, consisting of slot machines and video lottery terminals, began in West Virginia in July 1990, with the placement of video lottery terminals at Mountaineer Park, a thoroughbred racetrack in Chester, West Virginia. By legislation passed in March 1994, Racetrack Video Lottery was legalized at all Racetrack Casinos. These locations include Mountaineer Casino Racetrack & Resort (thoroughbred horseracing), Wheeling Island Hotel-Casino-Racetrack (greyhound dog racing), Hollywood Casino at Charles Town Races (thoroughbred horseracing) and Mardi Gras Casino & Resort (greyhound dog racing) in Nitro, near Charleston, West Virginia. Before implementation, each county where a track is located must have a local referendum. Voters passed such a referendum for the three (3) tracks other than Hollywood Casino at Charles Town Races in May 1994. Racetrack Video Lottery sales in such tracks commenced in early September 1994. Voters approved video lottery gaming at the Hollywood Casino at Charles Town Races at the November 1996 general election, and Racetrack Video Lottery sales began in October 1997. Under the Racetrack Video Lottery Act, subject to certain conditions, voters in a county previously approving Racetrack Video Lottery can petition for a new local option election to reconsider the matter.

During the 1996 legislative session, video lottery was enhanced through adding simulated reel games to video lottery machines. Coin drop and mechanical reels (slot machines) were approved during the 1999 legislative session, and the maximum bet was increased from $2 to $5 in the first extraordinary legislative session of 2001. There is no maximum bet limit on video lottery games played at the casinos and the Greenbrier Resort. As of June 30, 2012, 100% of the terminals at the Racetrack Casinos were ticket in ticket out (slot machines). The number of terminals approved for the Racetrack Casinos is a maximum aggregate amount of 13,900. As of June 30, 2017, 6,221 terminals registered play. The Racetrack Video Lottery Act provides that an increase in approved terminals in later periods could occur as demand increases. During the 2013 legislative session, video lottery was enhanced by allowing video lottery games based on Roulette, dice or baccarat card games, which were previously prohibited and by removing other restrictions on types of video lottery games allowed.

Racetrack Table Games

On March 8, 2007, the State Legislature enacted the Racetrack Table Games Act, which became effective as of June 6, 2007. The Racetrack Table Games Act authorizes the Lottery Commission to issue up to four (4) racetrack table games licenses to racetracks in West Virginia that hold racetrack video lottery licenses and licenses to conduct horse or dog racing after the citizens of the respective counties in which the racetracks are located approve racetrack table games by referendum ("Racetrack Table Games"). Referenda for approving Racetrack Table Games were conducted in Jefferson, Hancock, Ohio and Kanawha Counties in West Virginia in 2007. In 2007, voters in Jefferson County rejected the referendum, while voters in Hancock, Ohio and Kanawha Counties approved the referendum. In December 2009, however, voters in Jefferson County approved a second referendum authorizing racetrack table games in Jefferson County. Accordingly, Racetrack Table Games are now authorized under the Racetrack Table Games Act at Mountaineer Casino Racetrack & Resort in Chester, West Virginia, Wheeling Island Hotel-Casino-Racetrack in Wheeling, West Virginia, Mardi Gras Casino & Resort in Nitro, West Virginia and at Hollywood Casino at Charles Town Races in Charles Town, West Virginia. The Lottery Commission has issued Racetrack Table Games licenses to Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel-Casino-Racetrack, Mardi Gras Casino & Resort and Hollywood Casino at Charles Town Races. Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel-Casino-Racetrack began operating Racetrack Table Games in October 2007. Mardi Gras Casino & Resort began operating Racetrack Table Games in October 2008. Charles Town Races & Slots began operating table games on July 1, 2010. Under the Racetrack Table Games Act, subject to certain conditions, voters in a county previously approving Racetrack Table Games may petition for a new local option election to reconsider whether table games are permitted. The tax rate for each racetrack participating in this form of legal gaming is 35% of adjusted gross receipts. A portion of these funds are deposited to the State Excess Lottery Revenue Fund and are available for payment of debt service and then appropriation to the extent funds are available. See "THE STATE EXCESS LOTTERY REVENUE FUND – Transfer of Moneys in Racetrack Table Games Fund to the State Excess Lottery Revenue Fund" herein.
The Greenbrier Resort

The Greenbrier Resort began limited casino gaming operations on October 1, 2009, and full casino gaming operations in a permanent casino on July 2, 2010. The State's share of revenue is comprised of 36% of gross terminal income and 30% of gross receipts. After a transfer equal to 2.5% of the State's share of gross terminal income and a deduction for Lottery administrative costs, 14% of the remaining funds are distributed to counties and municipalities and the remaining 86% of the funds are deposited in the State Excess Lottery Revenue Fund pursuant to Section 22b of the Authorized Gaming Facility Act, and are available for payment of debt service and then appropriation to the extent funds are available. See "THE STATE EXCESS LOTTERY REVENUE FUND — Transfer of Moneys in Historic Resort Hotel Fund to the State Excess Lottery Revenue Fund" herein. Approximately 2,450 employees at the Greenbrier Resort are subject to a collective bargaining agreement, which will expire on February 1, 2018.

West Virginia Racetracks

Mountaineer Casino Racetrack & Resort (sometimes hereinafter referred to as "Mountaineer") in the Northern Panhandle Region of West Virginia in Chester is a thoroughbred racing and gaming facility. The track's owner is Eldorado Resorts, LLC, which also owns casinos and racinos in Ohio, Pennsylvania, Nevada and Louisiana. The destination resort offers 357 rooms in a new luxury hotel with amenities that include a fitness center, spa, indoor and outdoor pools, gift shop, golf course, tennis courts and basketball court. There is a total gaming area of 106,000 square feet with approximately 1,484 video lottery gaming machines (currently approved for 3,500) and 46 table games. The facility includes six (6) gaming areas, eight (8) restaurants, and five (5) lounge areas. A conference center and an entertainment center that seats an audience of 1,300 can accommodate large gatherings. 1,000 horses can be stabled on the property and race on a 1-mile thoroughbred racetrack. 5,412 parking spaces are available for patrons. Mountaineer Casino Racetrack & Resort owns approximately 2,350 acres, of which 1,885 acres are available for future development.

Approximately 75 workers at Mountaineer are members of the United Food and Commercial Workers International Union Local 23, and are currently subject to a collective bargaining agreement that expired on March 1, 2017. A new collective bargaining agreement has recently been finalized but has not yet been signed. These workers include the track's video lottery terminal attendants, video lottery technicians, cage cashiers and drop crew. Additionally, approximately 12 mutual tellers in Mountaineer's racing department are members of the Service Employees International Union Local 101, and are currently subject to a labor agreement that expired on November 30, 2016, but is subject to automatic renewal. Two (2) plumbers at Mountaineer are members of the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry Local 396, with a collective bargaining agreement that expired on March 31, 2017. Representatives from Mountaineer have stated that new collective bargaining agreements have been finalized between the parties and presently await execution by the parties.

Hollywood Casino at Charles Town Races (sometimes hereinafter referred to as "Hollywood Casino") entertainment complex is a thoroughbred racetrack and gaming facility in Charles Town, West Virginia. The facility is in the State's Eastern Panhandle and is in the Washington D.C. metropolitan area, which is also inclusive of the Northern Virginia suburbs and near the Baltimore, Maryland area. The track's owner is Penn National Gaming, Inc. (NASDAQ: PENN). The facility includes a total gaming area of 209,508 square feet with 2,418 video lottery gaming machines (currently approved for 6,000) and 93 table games and 150,000 square feet of racing and support facilities for a total of 359,508 square feet. Included in the facility are seven (7) gaming areas, 11 restaurants, four (4) themed bars and one (1) gift shop. The facility also includes The Inn at Charles Town, which offers 153 hotel rooms. 1,350 horses are stabled on the property and race on a 3/4-mile thoroughbred racetrack. 5,781 parking spaces are available for patrons. Hollywood Casino owns a 300-acre parcel of which 155 acres are developed. In 2013, Penn National Gaming, Inc. separated its real estate holdings and gaming operations into two (2) separate companies. Gaming and Leisure Properties now owns all real estate upon which the gaming operations of Hollywood Casino take place. The two (2) entities have entered into a long-term lease, and gaming operations are expected to continue without interruption. The gaming operation continues to maintain a license with the West Virginia Lottery.
Mutual tellers and jockey valets employed at Hollywood Casino are represented by the West Virginia Union of Mutual Clerks, Local 553 Service Employees International Union, AFL-CIO. The current collective bargaining agreement covering these employees expired on December 31, 2010, but it has been extended on a month-to-month basis since then while negotiations are in process.

Wheeling Island Hotel-Casino-Racetrack (sometimes hereinafter referred to as "Wheeling" or "Wheeling Island Gaming") is a greyhound racing and gaming center in the State's northern panhandle in Wheeling. The track's owner is Delaware North Companies Gaming and Entertainment, Inc., which is a wholly owned subsidiary of Delaware North Companies, Inc. a corporation privately owned and controlled by Jeremy Jacobs, Sr. and his family. A 151 room high-rise hotel is centrally located to the three (3) gaming areas, eight (8) restaurants, gift shop and show room with a capacity for an audience of over 1,000. There is a total gaming area of 61,412 square feet with 1,242 video lottery gaming machines (currently approved for 2,400) and 32 table games. 1,368 greyhounds can be housed in the kennel and race on the ¼-mile racetrack. Parking is available for 2,880 vehicles. Wheeling Island Gaming owns an 87 acre tract of which 74 acres is developed.

Various employees at Wheeling Island Gaming are members of the Hotel Employees and Restaurant Employees Union, the United Food and Commercial Workers International Union, or the International Alliance of Theatrical State Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada Union (IATSE). Employees who are members of the IATSE are working under an expired contract and negotiations are presently underway between the union and the casino. Workers at Wheeling Island Gaming who are members of the United Food and Commercial Workers International Union are subject to a collective bargaining agreement that will expire on February 25, 2018. Employees of the hotel who are members of the Hotel Employees and Restaurant Employees Union are subject to different collective bargaining agreements depending on their position at the hotel. Specifically, hotel employees are presently subject to a collective bargaining agreement that will expire on September 31, 2019, hotel security employees are subject to a collective bargaining agreement that will expire on September 31, 2019, and food and beverage employees are subject to a collective bargaining agreement that will expire on September 30, 2020.

Mardi Gras Casino & Resort (sometimes hereinafter referred to as "Mardi Gras") is a greyhound racing and gaming facility located approximately ten (10) miles from the State Capitol in Charleston, West Virginia. The track's owner is Hartman and Tyner, Inc., owned by Bernard Hartman and Herbert Tyner and their children. The facility includes a total gaming area of 90,000 square feet with 861 video lottery gaming machines (currently approved for 2,000) and 56 table games and 132,000 square feet of racing and support areas. There are three (3) gaming areas, three (3) restaurants, eight (8) bars and meeting space that can accommodate 250 patrons. 1,440 greyhounds can be housed in the kennel and race on the 1,350-foot long racetrack. The facility has approximately 1,000 parking spaces for patrons. Mardi Gras Casino & Resort owns 132 acres of which 57 acres are developed. In connection with its deployment of Table Games, Mardi Gras remodeled its facility to include two (2) gaming areas for Table Games and has constructed and opened a 150-room hotel.

Currently, 200 workers at Mardi Gras are represented by the United Steelworkers Union, Local 14614-F8. The union members entered into a 3-year contract with Mardi Gras that will expire on June 30, 2019. The workers at Mardi Gras subject to this contract include those in the following departments at the casino: table games, poker, slots, cage operations, money room, soft count, sweep, housekeeping, hotel, maintenance, racing, chip transportation and valet.

Patrons of Racetrack Video Lottery

Each racetrack receives a substantial portion of its sales from out-of-state patrons. Legislative bodies in contiguous states are considering, have previously considered or recently implemented legislation authorizing video lottery in their states. See "INVESTMENT CONSIDERATIONS – Competition from Surrounding States."
West Virginia Racetrack Video Lottery
Patrons by State (%) as of June 30, 2017

<table>
<thead>
<tr>
<th>Mountaineer Park</th>
<th>Wheeling Island</th>
<th>Mardi Gras</th>
<th>Hollywood Casino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio 64%</td>
<td>Ohio 49%</td>
<td>West Virginia 37%</td>
<td>Virginia 49%</td>
</tr>
<tr>
<td>Pennsylvania 27%</td>
<td>Pennsylvania 31%</td>
<td>Ohio 20%</td>
<td>Maryland 28%</td>
</tr>
<tr>
<td>West Virginia 3%</td>
<td>West Virginia 8%</td>
<td>Kentucky 9%</td>
<td>West Virginia 12%</td>
</tr>
<tr>
<td>Other 5%</td>
<td>Other 12%</td>
<td>Virginia 8%</td>
<td>Pennsylvania 5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>North Carolina 6%</td>
<td>Washington, DC 1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other 20%</td>
<td>Other 5%</td>
</tr>
</tbody>
</table>

Source: West Virginia Lottery

Limited Video Lottery Games

Chapter 29, Article 22B of the Code of West Virginia, 1931, as amended (the "Limited Video Lottery Act"), was enacted to restrict (limit) and regulate video lottery machines that had been illegally operated for several years throughout the State. Limited Video Lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001. The games allow a player to use currency to place bets for the chance to receive free games or vouchers that may be redeemed for cash. The Limited Video Lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

The Limited Video Lottery Act has established specific requirements for Limited Video Lottery and imposed certain restrictions limiting the licensing for the operation of Limited Video Lottery games to 9,000 video lottery terminals placed in limited licensed retailer areas restricted for adult amusement. As of June 30, 2017, there were 6,734 machines operating in 1,325 locations. These licensed retailers must hold a qualifying license for the sale on premises of alcohol or non-intoxicating beer. The Limited Video Lottery Act limits the placement of no more than five (5) machines in licensed establishments ten (10) machines in the case of veteran's and fraternal organizations. The Limited Video Lottery Act further provides that no person can own, directly or indirectly, more than 675 video terminals. The West Virginia Lottery has been charged with the administration, monitoring and regulation of these machines. The Limited Video Lottery Act further stipulates the distribution of revenues from the Limited Video Lottery games, and requires any licensed retailers to comply with all related rules and regulations of the West Virginia Lottery in order to continue its retailer status.

Bids were solicited for the Limited Video Lottery Permits that became effective on July 1, 2011. These new permits are now valid until June 30, 2021.

There are currently Limited Video Lottery machines in 53 of the state's 55 counties. The top 5 counties as of June 30, 2017 were Kanawha – 511, Wood – 531, Cabell – 394, Ohio – 439 and Berkeley – 423. These five (5) counties represent 34.1% of the total machines in the Limited Video Lottery market; the remaining 48 counties represent 65.9%, ranging from 3 to 354 machines.

During the 2017 legislative session, the West Virginia Legislature passed HB 3106, which was signed by the Governor and effective on June 29, 2017. HB 3106 increased the amount of video lottery terminals a licensed retailer is permitted to operate from 5 to 7 machines at each location. In addition, HB 3106 reduced the number of licensed limited video lottery locations to 1,250 locations for any bidding by the Lottery Commission that occurs after June 30, 2021.
THE STATE LOTTERY FUND

The Lottery Act creates the "State Lottery Fund" as a special revenue account. The State Lottery Fund receives the net profits from lottery tickets, materials and games (except the Veterans' Instant Lottery) and 30% of the net terminal income from the Racetrack Video Lottery.

Lottery Traditional Games

A minimum annual average of 45% of the gross amount received from Traditional Games is allocated and disbursed as prizes, and not more than 15% of the gross amount received from Traditional Games can be allocated to and disbursed, as necessary, for fund operation and administrative expenses. The excess of the gross amount received from the lotteries described above over the sum of the amount distributed for prizes and administrative expenses shall be allocated as net profit. In fiscal year 2017, $39.6 million in net profits from Traditional Games was deposited into the State Lottery Fund.

Racetrack Video Lottery

The Racetrack Video Lottery Act establishes two (2) permanent benchmarks for each racetrack based on fiscal year ended June 30, 2001 results. The first of these two (2) benchmarks is based on a track's gross terminal income, net of prizes (the "Gross Benchmark"). The aggregate Gross Benchmark for all tracks equals $438,100,000. The Racetrack Video Lottery Act also establishes a benchmark based on a track's net terminal income (the "Net Benchmark"). The Gross Benchmark and Net Benchmark for each of the racetracks are summarized below.

<table>
<thead>
<tr>
<th>Track</th>
<th>Gross Benchmark ($ Millions)</th>
<th>Net Benchmark ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountaineer</td>
<td>161.9</td>
<td>160.3</td>
</tr>
<tr>
<td>Wheeling</td>
<td>97.9</td>
<td>96.9</td>
</tr>
<tr>
<td>Mardi Gras</td>
<td>44.8</td>
<td>44.4</td>
</tr>
<tr>
<td>Hollywood Casino</td>
<td>133.5</td>
<td>132.2</td>
</tr>
<tr>
<td></td>
<td>$ 438.1</td>
<td>$ 433.8</td>
</tr>
</tbody>
</table>

Source: West Virginia Lottery

For Racetrack Video Lottery, the State Lottery Fund receives fiscal year revenues equal to 30% of net terminal income up to the Net Benchmark, plus the excess of allowed administrative costs over actual incurred administrative costs derived from racetrack video lottery gross terminal income, less authorized transfers of up to $9 million a year for deposit into the Racetrack Modernization Fund. The annual maximum amount that may be deposited into the Racetrack Modernization Fund was reduced to $9 million a year beginning in State fiscal year 2015 and continuing through State fiscal year 2020. Any portion of the amounts deposited into a Racetrack's Modernization Fund that has not been spent by such Racetrack during the time permitted by law is also deposited to the State Lottery Fund. In fiscal year 2017, $2.4 million was transferred from the Racetrack Modernization Fund to the State Lottery Fund.

The table that follows summarizes the Net Terminal Income for the Racetracks and the sources of the deposits to the Lottery Fund for fiscal years 2013 through 2017.
<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Mountaineer</td>
<td>$160.3</td>
<td>$154.3</td>
<td>$143.7</td>
<td>$127.3</td>
<td>$102.8</td>
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<tr>
<td>Wheeling</td>
<td>96.9</td>
<td>95</td>
<td>83.2</td>
<td>82.2</td>
<td>85.6</td>
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<tr>
<td>Mardi Gras</td>
<td>44.4</td>
<td>47.7</td>
<td>43.4</td>
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<td>Hollywood Casino</td>
<td>132.2</td>
<td>332.5</td>
<td>297</td>
<td>284.5</td>
<td>286.6</td>
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<td><strong>Total</strong></td>
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<td>$629.5</td>
<td>$567.3</td>
<td>$535.5</td>
<td>$516.2</td>
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<tr>
<td>30% of Net Terminal Income up to Net Benchmark</td>
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<td>$120.8</td>
<td>$115.0</td>
<td>$108.6</td>
<td>$107.8</td>
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<tr>
<td>Administrative Surplus</td>
<td>2.83</td>
<td>4.55</td>
<td>1.94</td>
<td>5.60</td>
<td>5.5</td>
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<tr>
<td>Transfer from the Racetrack Modernization Fund</td>
<td>0</td>
<td>3.8</td>
<td>3.2</td>
<td>0.1</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total deposit to the Lottery Fund</strong></td>
<td>$130.6</td>
<td>$126.1</td>
<td>$120.1</td>
<td>$114.3</td>
<td>$115.7</td>
</tr>
</tbody>
</table>

1 2012 was the last year that all the Racetracks met the Net Benchmark. The deposit to the Lottery Fund from Racetrack Video Lottery has fluctuated from year to year since this time.
2 The increase in Administrative Surplus is attributable to a reduction in the amount transferred to the Racetrack Modernization Fund from $9.0 million in prior fiscal years to $4.5 million beginning with fiscal year 2016. $4.5 million of the Administrative Surplus in fiscal year 2016 was directed towards flood relief in the State, while $4.5 million of the Administrative Surplus in fiscal year 2017 has been directed towards Medicaid.

**Transfers from the State Lottery Fund required by the Lottery Act**

*First Priority Transfers:* First, a portion of the Net Profits from Traditional Games and a portion of Certain Racetrack Video Lottery Income is transferred monthly to the School Building Debt Service Fund established under the Lottery Act in an amount not to exceed $1,800,000 to pay the annual principal, interest and coverage requirement on all Bonds issued, or to be issued, by the School Building Authority on or after April 1, 1994, payable from revenues of the State Lottery Fund. The maximum amount to be transferred annually shall not exceed $18,000,000.

*Second Priority Transfers:* Second, a portion of the remaining Net Profits from Traditional Games and a portion of Certain Racetrack Video Lottery Income is then transferred to the EAST Fund established under Chapter 5, Article 6, Section 11a of the Code of West Virginia, 1931, as amended, as necessary to pay debt service on the EAST Lottery Bonds. The West Virginia Economic Development Authority issued bonds payable from funds on deposit in the EAST Fund in August 2010. The EAST Lottery Bonds were issued in an amount fully leveraging the $10,000,000 allocation of revenues deposited into the EAST Fund from the State Lottery Fund. The EAST Lottery Bonds mature by their terms on June 15, 2040.

*Third Priority Transfers:* Third, a portion of the remaining Net Profits from Traditional Games and a portion of Racetrack Video Lottery Income is then transferred to the Community and Technical College Capital Improvement Fund to pay the annual principal, interest and coverage ratio requirements on the Bonds (the Bonds, together with the SBA Lottery Bonds, the EAST Lottery Bonds and any future bonds issued pursuant to Section 18 of the Lottery Act, the "Lottery Bonds" and the payment of debt service from the School Building Debt Service Fund, the EAST Fund and the Community and Technical College Capital Improvement Fund is referred to as the "Lottery Bonds Debt Service"). The maximum monthly amount cannot exceed $500,000 and the total allocation cannot exceed the lesser of the principal and interest required to be annually paid or $5,000,000. Upon the maturity of the Bonds, the $5,000,000 allocated annually to the Community and Technical College Capital Improvement Fund shall become available for debt service on additional CTC Lottery Bonds (*Additional CTC...*)
Lottery Bonds”), which are authorized pursuant to Section 18 of the Lottery Act and would be considered Lottery Bonds as that term is defined herein. The priority of the transfer of $5,000,000 from the State Lottery Fund to the Community and Technical College Capital Improvement Fund to pay debt service on Additional CTC Lottery Bonds, if issued, vis-à-vis the priority of the transfer of up to $10,000,000 from the State Lottery Fund to the EAST Fund to pay debt service on any bonds payable therefrom shall be determined as provided in the Lottery Act at the time of issuance of the Additional CTC Lottery Bonds.

**Fourth Priority Transfers:** Fourth, after first satisfying the requirements for funds dedicated to retire Lottery Bonds, as the case may be, the remaining Net Profits from Traditional Games and a portion of Certain Racetrack Video Lottery Income are then made available to pay debt service in connection with Excess Lottery Bonds if and to the extent needed for such purpose from time to time.

**Fifth Priority Transfers:** Last, subject to certain limitations described in this paragraph, the remaining Net Profits from Traditional Games and the remaining Certain Racetrack Video Lottery Income may be appropriated by the State Legislature annually, in such proportions as it deems beneficial, to (i) the Lottery Education Fund; (ii) the School Construction Fund; (iii) the Lottery Senior Citizens Fund; and (iv) the Division of Natural Resources and West Virginia Development Office: provided, however, these fifth priority payments may only be made if: (i) a default does not exist with respect to the debt service on Lottery Bonds; and (ii) the Net Profits from Traditional Games and the portion of Certain Racetrack Video Lottery Income deposited into the State Lottery Fund for the preceding 12 months is equal to at least 150% of the Lottery Bonds Debt Service.

For fiscal year 2017, $155.3 million was received in the State Lottery Fund, a decrease of approximately $2.9 million from fiscal year 2016 figures. Of the $155.3 million received by the State Lottery Fund, $18 million was transferred to the School Building Debt Service Fund, $10 million was transferred to the EAST Fund, and $5 million was transferred to the Community and Technical College Capital Improvement Fund, leaving $122.3 million available to satisfy any shortfall in the State Excess Lottery Revenue Fund and, thereafter, to make the other distributions set forth in the Lottery Act. See "HISTORICAL, ESTIMATED AND PROJECTED WEST VIRGINIA LOTTERY REVENUES – Historic and Projected Debt Service Coverage - Table II - Projected Debt Service Coverage Analysis" herein.

**HISTORICAL, ESTIMATED AND PROJECTED WEST VIRGINIA LOTTERY REVENUES**

The projections included in Tables I and II have been prepared by the West Virginia Lottery and should not be relied upon or construed as statements of fact. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved during the periods for which the projections have been provided will vary from the projections, and such variations may or may not be material.

The West Virginia Lottery is currently in the process of updating its projections for fiscal years 2019 and beyond, but such projections are not yet finalized. Based on conservative forecasting, the West Virginia Lottery anticipates that the projections included in Tables I and II will be revised to reduce revenue projections and deposits into the State Lottery Fund and the State Excess Lottery Revenue Fund.
Neither the Lottery Commission's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The Lottery Commission does not as a matter of course make public projections as to future revenues, increases in net assets, or other results. However, the Lottery Commission prepared the prospective financial information included in Tables I and II below at the request of the Commission to present projected annual debt service coverage information related to the Series 2017 Bonds. The prospective financial information was prepared for internal management purposes and was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Nevertheless, in the view of the Lottery Commission, the prospective financial information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the Lottery Commission's knowledge and belief, the expected course of action and the expected future financial performance of the West Virginia Lottery. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Table I below displays historical lottery revenues for fiscal years 2013 through 2016 and estimated lottery revenues for fiscal year 2017, as well as projected lottery revenues for the 3-year period beginning in fiscal year 2018 through 2020. Table I shows gross lottery revenues and net revenues for each lottery game and the lottery funds into which the State's share is deposited. For fiscal year 2017, unaudited gross lottery revenues decreased by 4.14% from the prior fiscal year. However, due to conservative forecasting, gross lottery revenues were 7.5% ahead of fiscal year 2017 forecast. Conservative forecasting combined with certain amendments to the Lottery Act in 2014 produced results that were 13.4% ahead of forecasts on a net basis.

Lottery revenue is affected by many factors including but not limited to general economic conditions, employment and wage trends and competition from other gaming and entertainment options. In terms of gaming competition, the States of Ohio and Maryland and the Commonwealth of Pennsylvania opened 14 casino or destination resort gaming venues from 2012 to date. On August 26, 2014, Maryland opened the Horseshoe Casino at Baltimore. Additionally, the State of Ohio opened Hollywood Slots at Mahoning Valley Race Course in September 2014. The State of Maryland is continuing its efforts to expand full service casinos within its jurisdiction. Voters approved a referendum in November 2012 to allow table games at its existing casinos and permit the issuance of an additional casino license at National Harbor near Washington, D.C. Maryland issued the casino license to National Harbor in December 2013, and the casino opened on December 8, 2016. Pennsylvania may be nearing a maturity point in its implementation of video lottery and table gaming. The near term impact is that aggregate West Virginia gaming revenues are forecasted to decline by 6.8% in fiscal year 2018 over fiscal year 2017, led by a 11.8% decline in anticipated racetrack video lottery revenues based on expanding competition from Ohio. Pennsylvania and Maryland, including from the opening of National Harbor in Maryland on December 8, 2016. The West Virginia Lottery projects that the impact of cross-border competition will level off in 2018 and 2019, resulting in more stable revenues from table gaming and video lottery. See "Table I – Historical, Estimated and Projected Revenues" herein. Limited Video Lottery sales are anticipated to remain level with fiscal year 2017 levels, while Traditional Games lottery sales are anticipated to decline by approximately 5.7% in fiscal year 2018 from fiscal year 2017 primarily due to general economic conditions, employment conditions within larger industries operating within the State and a phenomenon referred to in the industry as "jackpot fatigue" meaning that players are not buying as many tickets because large jackpots have become more common in recent years and garner less interest and attention from players than they did in the past. See "INVESTMENT CONSIDERATIONS – Competition from Surrounding States" herein.
For purposes of calculating sales of racetrack video games and limited video lottery games, as represented on Table I, sales are reported net of prizes. This method of reporting video lottery was chosen due to the unusual volume of play and replay of winnings in these types of games.

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### Table I
Historical, Estimated and Projected Revenues*  
(In Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lottery Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instant games ¹</td>
<td>108.6</td>
<td>105.6</td>
<td>103.3</td>
<td>102.5</td>
<td>94.4</td>
<td>92.0</td>
<td>92.0</td>
<td>92.0</td>
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<tr>
<td>On-line games</td>
<td>87.0</td>
<td>83.1</td>
<td>76.7</td>
<td>85.7</td>
<td>72.1</td>
<td>65.0</td>
<td>65.0</td>
<td>65.0</td>
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<tr>
<td>Racetrack video lottery</td>
<td>655.7</td>
<td>590.9</td>
<td>557.8</td>
<td>531.7</td>
<td>521.3</td>
<td>460.0</td>
<td>460.0</td>
<td>460.0</td>
</tr>
<tr>
<td>Limited video lottery</td>
<td>399.2</td>
<td>377.2</td>
<td>373.2</td>
<td>360.8</td>
<td>347.6</td>
<td>349.6</td>
<td>349.6</td>
<td>349.6</td>
</tr>
<tr>
<td>Racetrack table games (tax)</td>
<td>70.3</td>
<td>50.5</td>
<td>46.8</td>
<td>43.5</td>
<td>39.0</td>
<td>34.5</td>
<td>34.5</td>
<td>34.5</td>
</tr>
<tr>
<td>Historic resort lottery</td>
<td>7.6</td>
<td>7.0</td>
<td>6.1</td>
<td>6.3</td>
<td>5.2</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total Gross Revenues</strong></td>
<td>1,328.4</td>
<td>1,214.3</td>
<td>1,164.0</td>
<td>1,136.5</td>
<td>1,079.6</td>
<td>1,006.6</td>
<td>1,006.6</td>
<td>1,006.6</td>
</tr>
</tbody>
</table>

| **Net Revenues**² |       |       |       |       |       |       |       |       |
| Instant games      | 18.1  | 13.6  | 17.1  | 16.7  | 16.3  | 10.7  | 10.7  | 10.7  |
| On-line games      | 28.7  | 23.9  | 23.6  | 27.2  | 23.3  | 18.7  | 18.7  | 18.7  |
| **Sub-Total (Traditional)** | 46.8  | 37.5  | 40.7  | 43.9  | 39.6  | 29.4  | 29.4  | 29.4  |
| Racetrack Video Lottery - State Lottery Fund | 130.6 | 126.1 | 120.1 | 114.3 | 115.7 | 101.6 | 101.6 | 101.6 |
| Racetrack Video Lottery - State Excess Lottery Revenue Fund ³ | 95.8  | 92.5  | 134.6 | 133.0 | 125.6 | 101.2 | 101.2 | 101.2 |
| Limited Video Lottery - State Excess Lottery Revenue Fund | 190.4 | 179.9 | 177.5 | 172.1 | 165.7 | 164.5 | 164.5 | 164.5 |
| Limited Video Lottery Fees - State Excess Lottery Revenue Fund | 9.4   | 9.4   | 9.6   | 9.0   | 8.8   | 9.0   | 9.0   | 9.0   |
| Racetrack Table Games - State Excess Lottery Revenue Fund ⁴ | 0.0   | 0.0   | 23.0  | 21.4  | 19.1  | 16.9  | 16.9  | 16.9  |
| Historic Resort Lottery - State Excess Lottery Revenue Fund ⁴ | 0.0   | 0.0   | 2.3   | 2.4   | 1.9   | 2.1   | 2.1   | 2.1   |
| **Total Racetrack and Limited Video Lottery Net Revenues** | 426.2 | 392.9 | 467.1 | 452.2 | 436.8 | 399.2 | 395.3 | 395.3 |
| **Total Net Revenues Available for Appropriation** | 473.0 | 430.4 | 507.8 | 496.1 | 476.4 | 428.6 | 424.7 | 424.7 |
| **Available for Appropriation** |       |       |       |       |       |       |       |       |
| State Excess Lottery Revenue Fund | 295.6 | 266.8 | 347.0 | 337.9 | 321.1 | 297.6 | 293.7 | 293.7 |
| State Lottery Fund | 177.4 | 163.6 | 160.8 | 158.2 | 155.3 | 131.0 | 131.0 | 131.0 |
| **Total** | 473.0 | 430.4 | 507.8 | 496.1 | 476.4 | 428.6 | 424.7 | 424.7 |

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* Totals may not add due to rounding  
** Based on audited financial statements  
¹ Represents Total Sales  
² Represents amount Available to State  
³ In certain years deposits may exceed the 30% of net terminal income due to administrative surplus deposits.  
⁴ The legislature enacted HB 101 in the First Extraordinary Session of 2014 that identified certain revenues that were previously transferred by statutory instruction to various entities and directed those identified funds for deposit to the State Excess Lottery Revenue Fund beginning in fiscal year 2015.  
⁵ The legislature enacted HB 101 in the First Extraordinary Session of 2014 that identified certain revenues that were previously transferred by statutory instruction to various entities and directed those identified funds for deposit to the State Excess Lottery Revenue Fund beginning in fiscal year 2015.  
⁶ Based on conservative forecasting, the West Virginia Lottery anticipates that its projections will be revised to reduce revenue projections and deposits into the State Lottery Fund and the State Excess Lottery Revenue Fund for fiscal year 2019 and beyond.  
Source: West Virginia Lottery
Historic and Projected Debt Service Coverage

Table II below shows the last five (5) fiscal years historic coverage of debt service of the Bonds and the projected debt service of the Bonds for fiscal years ending June 30, 2018 through June 30, 2020.

[TABLE TO COME]
THE STATE EXCESS LOTTERY REVENUE FUND

The Lottery Act creates the State Excess Lottery Revenue Fund as a special revenue fund. The State Excess Lottery Revenue Fund currently receives the State's share of net profits from: (1) Racetrack Video Lottery, (2) Limited Video Lottery, as well as certain fees related to Limited Video Lottery, (3) certain revenues generated by racetrack table games and (4) certain revenues generated by casino gaming at the Greenbrier Resort. The Racetrack Video Lottery Act and the Limited Video Lottery Act provide a system through which a portion of the net terminal income from Racetrack Video Lottery and from Limited Video Lottery, as well as Limited Video Lottery licensing, permit and other fees, are transferred to the State Excess Lottery Revenue Fund.

Commencing with the fiscal year beginning July 1, 2014, the amount of funds transferred to the State Excess Lottery Revenue Fund increased because of transfers of additional revenue from Racetrack Video Lottery, the Racetrack Table Games Fund, and the Historic Resort Hotel Fund. See "SECURITY FOR THE SERIES 2017 BONDS – Pledged Revenues" herein. For fiscal year 2017, $321.1 million was transferred to the State Excess Lottery Revenue Fund.

Transfer of Racetrack Video Lottery Net Terminal Income to the State Excess Lottery Revenue Fund

Prior to 2014, no deposit to the State Excess Lottery Revenue Fund occurred until the benchmarks for a given racetrack were exceeded during the respective fiscal year. Beginning July 1, 2014, certain transfers that were previously distributed by statutory instruction are now transferred to the State Excess Lottery Revenue Fund without reference to any benchmark. After the benchmarks are met, a portion of net terminal income in excess of the benchmarks is deposited to the State Excess Lottery Revenue Fund.

Prior to 2011, each racetrack's gross and net terminal income, net of prizes, exceeded the benchmarks. However, during 2011, Mountaineer failed to meet the benchmark established for the track and, as a result, no deposits to the State Excess Lottery Revenue Fund from Mountaineer occurred in fiscal year 2011. Mardi Gras reached its benchmarks just prior to fiscal year end, which resulted in minimal transfers to the State Excess Lottery Revenue Fund. During fiscal year 2012, all four (4) racetracks met their benchmarks. During fiscal years 2013 and 2014, only Mardi Gras and Hollywood Casino reached their benchmarks with Mardi Gras reaching its benchmark just prior to fiscal year end. During fiscal years 2015 and 2016, only Hollywood Casino reached its benchmark. During fiscal year 2017, only Hollywood Casino reached both of its benchmarks, and Mardi Gras missed its net benchmark, but reached its gross benchmark just prior to fiscal year end. Neither Wheeling nor Mountaineer hit the gross nor net benchmark for fiscal year 2017. The West Virginia Lottery does not project that Mardi Gras, Mountaineer or Wheeling will meet their benchmarks for purposes of transferring funds into the State Excess Lottery Revenue Fund in future years.

The Gross Benchmark and Net Benchmark for each of the racetracks are summarized below.

<table>
<thead>
<tr>
<th>Track</th>
<th>Gross Benchmark ($ Millions)</th>
<th>Net Benchmark ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountaineer</td>
<td>161.9</td>
<td>160.3</td>
</tr>
<tr>
<td>Wheeling</td>
<td>97.9</td>
<td>96.9</td>
</tr>
<tr>
<td>Mardi Gras</td>
<td>44.8</td>
<td>44.4</td>
</tr>
<tr>
<td>Hollywood Casino</td>
<td>133.5</td>
<td>132.2</td>
</tr>
<tr>
<td></td>
<td>438.1</td>
<td>433.8</td>
</tr>
</tbody>
</table>

Source: West Virginia Lottery

The deposits to the State Excess Lottery Revenue Fund from Racetrack Video Lottery sales are comprised of three (3) calculations, which utilize either the Gross Benchmark or Net Benchmark. The calculations are provided below:
First, the State Excess Lottery Revenue Fund receives 4% of the Racetrack Video Lottery gross terminal income in excess of the Gross Benchmark (the "4% Receipt"). Gross terminal income in excess of the Benchmark was approximately $152.2 million for the fiscal year ended June 30, 2017.

Second, a 10% surcharge is applied to the net terminal income in excess of the Net Benchmark. Prior to 2014, 58% of the surcharge was allocated to the State Excess Lottery Revenue Fund with the 42% remainder deposited for capital reinvestment at the racetracks as described below. Beginning July 1, 2014, the surcharge allocated to the State Excess Lottery Revenue Fund was increased to 62.2% and the capital reinvestment deposit was reduced to 37.8%. Net terminal income in excess of the Benchmark was approximately $141.1 million for the fiscal year ended June 30, 2017.

Third, the State Excess Lottery Revenue Fund receives 41% of the net terminal income in excess of the Net Benchmark, after deducting the surcharge. This is known as the State share.

Sections 10d and 10e of the Racetrack Video Lottery Act redirected certain funds from net terminal income and excess net terminal income of the Racetrack Video Lottery into the State Excess Lottery Revenue Fund commencing with the 2014 fiscal year. Beginning July 1, 2014, amounts previously distributed to the West Virginia Racing Commission, the Tourism Promotion Fund, the Development Office Promotion Fund, the Research Challenge Fund, the Capitol Renovation and Improvement Fund, the 2004 Capitol Complex Parking Garage Fund, the Workers' Compensation Debt Reduction Fund, a special fund of the Department of Administration of the State (the "Department of Administration"), and the Capitol Dome and Capital Improvements Fund were to be paid into the State Excess Lottery Revenue Fund. Since July 1, 2014, such distributions which were previously made pursuant to state code and did not flow through the State Excess Lottery Revenue Fund, after satisfying any shortfalls in the payment of debt service on bonds issued under the Lottery Act, if any, have been distributed pursuant to an appropriation from the State Excess Lottery Revenue Fund. Such funds are transferred into a fund designated by the State Legislature as the Lottery Statutory Transfers Fund and then distributed to the various funds. Such funds may only be appropriated if the amount of funds available in the State Excess Lottery Revenue Fund is able to pay Excess Lottery Bonds Debt Service and make up any shortfall of Lottery Bonds Debt Service. In 2014, the State Legislature reduced the amount of funds distributed to pay regular purses at licensed racetracks by more than 10% and reduced the amount distributed to the West Virginia Thoroughbred Development Fund and the West Virginia Greyhound Breeding Development Fund by 10%. These reductions are paid into the State Excess Lottery Revenue Fund and are available for payment of debt service.

Pursuant to the Racetrack Video Lottery Act, Racetrack Video Lottery net terminal income not deposited to the State Excess Lottery Revenue Fund are allocated for a variety of purposes including, but not limited to, racing activities, providing funds to municipalities and counties, and providing funds to various State agencies. In particular, the remaining 37.8% of the surcharge is deposited into the racetrack capital reinvestment fund to encourage track improvements. If prescribed conditions are met, a racetrack may recoup part or all funds placed into its capital reinvestment fund. Any portion of the amounts deposited into a racetrack's capital reinvestment fund that does not qualify for reimbursement is also deposited into the State Excess Lottery Revenue Fund. In fiscal year 2017, the West Virginia Lottery transferred $131,764 from the capital reinvestment fund to the State Excess Lottery Revenue Fund. Beginning with the 2014 fiscal year, the capital reinvestment portion of the surcharge was reduced by 10% and such reduction was redirected to the State Excess Lottery Revenue Fund and is available for payment of debt service.

For the fiscal year ended June 30, 2017, $125.6 million was transferred from the Racetrack Video Lottery into the State Excess Lottery Revenue Fund.
The components of the fiscal year 2017 transfers from the Racetrack Video Lottery to the State Excess Lottery Revenue Fund are provided below.

<table>
<thead>
<tr>
<th>Component</th>
<th>$ in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% Receipt</td>
<td>$ 6.1</td>
</tr>
<tr>
<td>62.2% of Surcharge</td>
<td>8.8</td>
</tr>
<tr>
<td>41% State share</td>
<td>52.1</td>
</tr>
<tr>
<td>Transfers pursuant to Sections 10d and 10e of Racetrack Video Lottery Act</td>
<td>58.3</td>
</tr>
<tr>
<td>Interest/Other</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total Deposit to the State Excess Lottery Revenue Fund</strong></td>
<td><strong>$ 125.6</strong></td>
</tr>
</tbody>
</table>

**Transfer of Moneys in Racetrack Table Games Fund to the State Excess Lottery Revenue Fund**

The tax rate for each racetrack participating in table games is 35% of adjusted gross receipts. For fiscal year 2017, adjusted gross receipts totaled $111.3 million and the table games tax was $39 million. 16.72% of a total rate of 35% is earmarked by statute for the reduction of state debt and unfunded liabilities. Deposits to the State Excess Lottery Revenue Fund from Racetrack Table Games are derived from two (2) sources: First is a 10% reduction to amounts statutorily directed to support live racing (thoroughbred and greyhound purse funds and development funds); and, second, 16.72% of a total rate of the 35% tax which was previously earmarked by statute for the reduction of state debt and unfunded liabilities. These funds are now deposited to the State Excess Lottery Revenue Fund and are available for payment of debt service and then appropriation to the extent funds are available.

The components of the fiscal year 2017 transfers from the Racetrack Table Games to the State Excess Lottery Revenue Fund are provided below.

<table>
<thead>
<tr>
<th>Component</th>
<th>$ in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% Reduction to Live Racing Transfers</td>
<td>$ 0.5</td>
</tr>
<tr>
<td>16 72/100% of the 35%</td>
<td>18.6</td>
</tr>
<tr>
<td><strong>Total Deposit to the State Excess Lottery Revenue Fund</strong></td>
<td><strong>$ 19.1</strong></td>
</tr>
</tbody>
</table>

**Transfer of Moneys in Historic Resort Hotel Fund to the State Excess Lottery Revenue Fund**

The State's share of revenue at the Greenbrier Resort is comprised of 36% of gross terminal income and 30% of gross receipts. For fiscal year 2017, gross terminal income and adjusted gross receipts at the Greenbrier Resort were $3.7 million and $4.2 million respectively. The State's share of gross terminal income and adjusted gross receipts for fiscal year 2017 was $1.3 million and $1.5 million, respectively. Deposits to the State Excess Lottery Revenue Fund from the Greenbrier Resort are derived from two (2) sources: (i) first, a transfer of 2.5% of the State's share of gross terminal income; and (ii) second, after a deduction for Lottery administrative costs and the 2.5% transfer of gross terminal income above, 86% of remaining funds are deposited to the State Excess Lottery Revenue Fund. These funds are now deposited to the State Excess Lottery Revenue Fund and are available for payment of debt service and then appropriation to the extent funds are available.

The components of the fiscal year 2017 transfers from the Historic Resort Hotel Fund to the State Excess Lottery Revenue Fund are provided below.

<table>
<thead>
<tr>
<th>Component</th>
<th>$ in millions</th>
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</thead>
<tbody>
<tr>
<td>2.5% of gross terminal income</td>
<td>$ 0.03</td>
</tr>
<tr>
<td>86% of remaining funds</td>
<td>1.88</td>
</tr>
<tr>
<td><strong>Total Deposit to the State Excess Lottery Revenue Fund</strong></td>
<td><strong>$ 1.91</strong></td>
</tr>
</tbody>
</table>

**Transfer of Limited Video Lottery Net Terminal Income to the State Excess Lottery Revenue Fund**

The Limited Video Lottery Act sets forth the manner by which a portion of Limited Video Lottery gross terminal income is transferred to the State Excess Lottery Revenue Fund. The State Excess Lottery Revenue Fund receives revenues from limited lottery operations in three (3) ways.
The first is through the imposition of an administrative fee of 2% of gross terminal income derived from video lottery terminals. The 2% Administrative Fee is transferred to the West Virginia Lottery's operating fund and is not available to be used to pay debt service on any bonds payable from revenues of the State Excess Lottery Revenue Fund. However, the excess of allowed administrative costs over actual incurred administrative costs is transferred to the State Excess Lottery Revenue Fund and available for the payment of debt service.

Second, the State's share of gross profits is transferred to the State Excess Lottery Revenue Fund. The State's share is determined by calculating the amount of aggregate average daily gross terminal income for the 3-month period prior to the date of calculation and applying a percentage rate for transfer based on the gross terminal income. The State share rate is based on a sliding scale as provided in the Limited Video Lottery Act. The aggregate average daily gross terminal income was first calculated in May 2002 and is calculated each August, November, February and May. The Limited Video Lottery Act provides that such percentage will not be less than 30% or more than 50%. The table below provides the State's share calculation as provided in the Limited Video Lottery Act.

**STATE'S SHARE CALCULATION**

<table>
<thead>
<tr>
<th>Aggregate Average Daily Income</th>
<th>State's Share of Gross Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60 or below</td>
<td>30%</td>
</tr>
<tr>
<td>above $60 to $80</td>
<td>34%</td>
</tr>
<tr>
<td>above $80 to $100</td>
<td>38%</td>
</tr>
<tr>
<td>above $100 to $120</td>
<td>42%</td>
</tr>
<tr>
<td>above $120 to $140</td>
<td>46%</td>
</tr>
<tr>
<td>Greater than $140</td>
<td>50%</td>
</tr>
</tbody>
</table>

Two percent (2%) of the State's share is distributed to counties and municipalities in the manner prescribed for in the Limited Video Lottery Act. Since the inception of Limited Video Lottery, the State share percentage has averaged 45%. Since January 2008, the State's share of gross profits has remained at 50%. Aggregate average daily gross terminal income has averaged $154.6 million with a high of $167.5 million and a low of $140.1 million.

Third, the Limited Video Lottery Act also provides for all fees related to licensing and permitting of limited video terminals be deposited in the State Excess Lottery Revenue Fund. The remaining amount of gross terminal income after deduction of the state's share is paid to retailers and/or operators as prescribed in the Limited Video Lottery Act.

For the fiscal year ended June 30, 2017, $174.5 million was transferred from the Limited Video Lottery to the State Excess Lottery Revenue Fund. The components of the fiscal year 2017 transfers from the Limited Video Lottery to the State Excess Lottery Revenue Fund are provided below:

<table>
<thead>
<tr>
<th></th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% Administrative Fee</td>
<td>$ 1.6(^3)</td>
</tr>
<tr>
<td>State Share</td>
<td>163.5</td>
</tr>
<tr>
<td>Limited Video Lottery Fees</td>
<td>8.8</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>0.6</td>
</tr>
<tr>
<td>Total Deposit to the State Excess Lottery Revenue Fund</td>
<td>$ 174.5</td>
</tr>
</tbody>
</table>

\(^3\) 2% Administrative Fee is transferred to the West Virginia Lottery's operating fund and is not available to be used to pay debt service on any bonds payable from revenues of the State Excess Lottery Revenue Fund. Accordingly, adjusted for the transfer of the 2% Administrative Fee to the West Virginia Lottery's operating fund, $172.9 million was transferred from Limited Video Lottery to the State Excess Lottery Revenue Fund to fund the transfers required by Section 18a of the Lottery Act.
Transfers from the State Excess Lottery Revenue Fund are required by the Lottery Act to be made in the following priority:

**First Priority Transfers:** First, a portion of the State Excess Lottery Revenue Fund is transferred to the State Department of Revenue for the purpose of providing funding for a senior citizen tax credit for real estate taxes paid on the first $20,000 of assessed value of the taxpayer's owner-occupied dwelling (the "Refundable Credit"). The Refundable Credit totaled approximately $10,000,000 for fiscal years 2011 through 2017. The State Department of Revenue projects that the annual Refundable Credit will be $10,000,000 during the next three (3) fiscal years.

**Second Priority Transfers:** Second, a portion of the State Excess Lottery Revenue Fund is then transferred to the following eleven (11) funds:

1. Economic Development Project Fund: $19.0 million
2. Higher Education Improvement Fund: $15.0 million
3. Excess Lottery School Building Debt Service Fund: $19.0 million
4. West Virginia Infrastructure Lottery Revenue Debt Service Fund: $6.0 million
5. Cacapon and Beech Fork State Parks Lottery Revenue Debt Service Fund: $3.0 million
6. West Virginia Infrastructure Fund: $40.0 million
7. Education Improvement Fund (Promise Scholarship Fund): $29.0 million
8. General Purpose Account: $65.0 million
9. Racing Commission Transfers: $2.0 million
10. State Park Improvement Fund: $5.0 million
11. Lottery Statutory Transfers Fund: $63.1 million

**Notes:**

4 Prior to the issuance of bonds payable from revenues of the State Excess Lottery Revenue Fund, the Lottery Act does not prescribe the timing or manner in which the Lottery Director must make the transfers to these eleven (11) funds in years when the revenues of the State Excess Lottery Revenue Fund are sufficient to make all such transfers. Following the issuance of bonds, however, the Lottery Act provides that the Lottery Director, shall, on a monthly basis, first transfer to the Economic Development Project Fund one-tenth of the projected annual principal, interest and coverage requirements coming due on the EDA Excess Lottery Grant Bonds in a particular year, as certified to the Lottery Director, and second transfer to the fund or funds from which debt service is paid on bonds issued for the School Building Authorit y, infrastructure, higher education, and park improvements pursuant to Section 18a of the Lottery Act, infrastructure pursuant to Section 18d of the Lottery Act and state park improvements pursuant to Section 18e of the Lottery Act in an amount equal to one-tenth of the projected annual principal, interest and coverage requirements coming due on those respective bonds in a particular year, as certified to the Lottery Director. Presently, this second required transfer is only made to the Higher Education Improvement Fund, the Excess Lottery School Building Debt Service Fund, the West Virginia Infrastructure Lottery Revenue Debt Service Fund and the Cacapon and Beech Fork State Parks Lottery Revenue Debt Service Fund, to pay such amounts coming due in a particular year. In years when revenues of the State Excess Lottery Revenue Fund are sufficient to make all transfers required by the Lottery Act, see discussion in (2) of this section, below.

5 The Lottery Commission is required to deposit in the Cacapon and Beech Fork State Parks Lottery Revenue Debt Service Fund an amount equal to the certified debt service requirements for the following year, not to exceed $3 million dollars in any one fiscal year. Accordingly, the actual amount deposited into such fund may be less than but no more than $3 million.

6 On March 14, 2014, House Bill 101 decreased the amount of money deposited into the West Virginia Infrastructure Fund for the fiscal year beginning July 1, 2014 to $20 million. Then, on March 11, 2015, House Bill 2213 amended and reenacted Section 18d of the Lottery Act and increased the amount of money deposited into the West Virginia Infrastructure Fund for the fiscal year beginning July 1, 2015, to $30 million. On June 13, 2016, Senate Bill 1011 amended and reenacted Section 18d of the Lottery Act and decreased the amount of money deposited into the West Virginia Infrastructure Fund for the fiscal year beginning July 1, 2016, to $20 million. Under existing law, the amount of the deposit for the fiscal year beginning July 1, 2017 will be $40 million.

7 Pursuant to Section 18e of the Lottery Act, distributions to certain funds that were previously made pursuant to statute and did not flow through the State Excess Lottery Revenue Fund are now, after payment of debt service on Excess Lottery Bonds and after satisfying any shortfalls in the payment of debt service on Lottery Bonds, distributed to those funds pursuant to an appropriation from the State Excess Lottery Revenue Fund. See "THE WEST VIRGINIA LOTTERY – "THE STATE EXCESS LOTTERY REVENUE FUND – Transfer of Racetrack Video Lottery Net Terminal Income to the State Excess Lottery Revenue Fund." The Lottery Statutory Transfers Fund is a fund created in 2014 by the State Legislature to administratively track the amount of moneys distributed from the State Excess Lottery Revenue Fund, after payment of all debt service, to each such fund pursuant to appropriation. $63.16 million was transferred from the State Excess Lottery Revenue Fund pursuant to appropriation in fiscal year 2017. For fiscal year 2018, $63.1 million is to be transferred from the State Excess Lottery Revenue Fund pursuant to appropriation. The appropriated amount to be deposited into the State Excess Lottery Revenue will change from year to year.
If, after funding the Refundable Credit, the remaining funds in the State Excess Lottery Revenue Fund are insufficient to fund all of the foregoing eleven (11) transfers, the remaining funds on deposit in the State Excess Lottery Revenue Fund, will be transferred in the following priority:

(1) First, a transfer of approximately $19,000,000 to the Economic Development Project Fund to pay debt service on the $249,895,000 West Virginia Economic Development Authority State of West Virginia Excess Lottery Revenue Bonds (Federally Taxable), Series 2004 (the "EDA – Excess Lottery Grant Bonds") coming due in a particular year, as certified to the Lottery Director, which shall be transferred by the Lottery Director to the Economic Development Project Fund in 1/10th increments on a monthly basis.

(2) Second, transfers to the other debt service funds from which debt service is payable in amounts necessary to pay the respective debt service on such bonds coming due in a particular year, as certified to the Lottery Director, which shall be transferred to such funds in 1/10th increments on a monthly basis; provided that, to the extent that sufficient State Excess Lottery Revenues are not available to pay debt service on all such revenue bonds, transfers will be made on a pro rata, parity basis. Upon issuance of the Series 2017 Bonds, the second-priority, parity transfers will include (i) a $15,000,000 transfer to the Higher Education Improvement Fund to pay debt service on bonds issued by the West Virginia Higher Education Policy Commission, (ii) a transfer to the Excess Lottery School Building Debt Service Fund of approximately $19,000,000 to pay debt service on the Bonds issued by the School Building Authority, (iii) a $6,000,000 transfer to the West Virginia Infrastructure Lottery Revenue Debt Service Fund to pay debt service on bonds issued by the West Virginia Water Development Authority, and (iv) a transfer to the Cacapon and Beech Fork State Parks Lottery Revenue Debt Service Fund in the amount necessary to pay debt service on the Series 2017 Bonds, not to exceed $3,000,000 in any fiscal year.

(3) Third, to the extent necessary, transfers to makeup a shortfall of Lottery Bonds Debt Service.

(4) Fourth, transfers to the Education Improvement Fund, transfers to the General Purpose Account, transfers to the Racing Commission, transfers to a newly created fund designated by the State Legislature as the Lottery Statutory Transfers Fund to then be distributed pursuant to an appropriation, and all other distributions required by Section 18a of the Lottery Act on a pro-rata basis.

THE STATE EXCESS LOTTERY REVENUE FUND IS NOT THE PRIMARY SOURCE OF REPAYMENT FOR THE SERIES 2017 BONDS AND SERVES, IN CERTAIN CIRCUMSTANCES, AS A BACKUP SOURCE OF REPAYMENT FOR THE SERIES 2017 BONDS AND OTHER LOTTERY BONDS.

INVESTMENT CONSIDERATIONS

Purchase of the Series 2017 Bonds involves certain investment risks, which are discussed throughout this Official Statement. Certain of these risks are described below. Accordingly, each prospective Bond purchaser should make an independent evaluation of all of the information presented in this Official Statement, including the risk factors described below, in order to make an informed investment decision.

No Mortgage or Other Interest in Projects

The Commission will not own the Projects financed with the proceeds of the Series 2017 Bonds and no lien or security interest in the Projects is being granted to the Owners of the Series 2017 Bonds. As a result, in the event the amounts deposited in the Community and Technical College Capital Improvement Fund are not sufficient to pay debt service on the Series 2017 Bonds, neither the Trustee nor the Owners will have any rights with respect to the Projects.
Enforceability of Rights of Owners Against the State or the Commission

The remedies available to the Trustee or the Owners of the Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2017 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Delay in the availability of such remedies or the absence thereof, could have a material adverse effect upon the market value of the Series 2017 Bonds and upon the availability to Owners of the Series 2017 Bonds of full and timely payment thereon. In addition, extraordinary remedies would not be available to require the State Legislature to appropriate amounts sufficient to pay debt service on the Series 2017 Bonds.

Effect of Changes in Allocation or Dissolution of West Virginia Lottery

Current law provides that the allocation of up to $5,000,000 of the Net Profits and Certain Racetrack Video Lottery Income in each fiscal year continues until the Series 2017 Bonds are paid, but only after satisfying the requirements for funds dedicated to the School Building Debt Service Fund in an amount not to exceed $1,800,000 per month nor $18,000,000 per fiscal year to retire bonds issued by the School Building Authority and after satisfying the requirements for funds dedicated to the EAST Fund in an amount not to exceed $1,000,000 per month nor $10,000,000 per fiscal year. The annual allocation of Net Profits and Certain Racetrack Video Lottery Income to the Community and Technical College Capital Improvement Fund pursuant to the Lottery Act could be changed by future action of the State Legislature. Any such change would require statutory amendment.

Since the Pledged Revenues derive from Net Profits and Certain Racetrack Lottery Income and other funds, including transfers from the State Excess Lottery Revenue Fund, as described herein, dissolution of the West Virginia Lottery would leave the Community and Technical College Capital Improvement Fund without a source of funding unless the State Legislature acted to provide an alternative source of funding. Legal challenges might affect the operation of the West Virginia Lottery. There can be no assurance that legal challenges will not arise, the consequences of which cannot be accurately predicted. The Lottery Commission, an agency within the State Department of Revenue, is subject to periodic legislative review under the West Virginia Performance Review Act. All State agencies except for constitutional officers are subject to review under the West Virginia Performance Review Act. The State Department of Revenue made presentations to the Joint Standing Committee on Government Organization and the Joint Committee on Government Organization (collectively the “Committees”) during the 2010 legislative interim period. Following the 2010 review, the Committees made a recommendation to the Legislature that the State Department of Revenue, including the Lottery Commission, should be continued. The State Department of Revenue is subject to review again in accordance with the West Virginia Performance Review Act in 2017. While there can be no assurance that the Legislature will continue the Lottery Commission, the Lottery Commission is not aware of any matters which would cause the Legislature to terminate the Lottery Commission.

No Requirement to Include Revenues from Expanded Gaming in the Trust Estate

There exists no constitutional or legislative mandate that future revenues generated from new lottery games or other gaming enterprises, e.g., riverboat gambling, casinos, etc., be included in the calculation of Net Profits or otherwise available for deposit into the Community and Technical College Capital Improvement Fund.

Reductions in Discretionary Consumer Spending as a Result of an Economic Downturn

Gaming revenues are highly dependent upon the volume and spending levels of customers, and gaming revenues are adversely impacted by economic downturns. Decreases in discretionary consumer spending brought
about by weakened general economic conditions in the State have negatively impacted and may continue to negatively impact the State's gaming revenues for an indefinite period while the general economic conditions remain weakened.

**Competition from Other Gaming**

The West Virginia Lottery faces competition from gaming within West Virginia and increasing competition from states surrounding West Virginia that may introduce new lottery games or gaming facilities or otherwise enhance existing lottery games or gaming facilities comparable to those in West Virginia. While there is no way to assess the effect of introducing games and/or gaming facilities by such states upon the amount of Revenues received, the introduction of such games and/or gaming facilities by such states could have a material adverse effect upon the amount of Revenues received. See "Competition from Surrounding States" herein.

**Competition Within West Virginia**

In 1999, the State Legislature enacted legislation that permitted casino gaming at a historic resort hotel. In 2007, the State Legislature authorized the Lottery Commission to issue up to four (4) racetracks table games licenses. By 2010, the Greenbrier Resort, in White Sulphur Springs, West Virginia, commenced full casino gaming operations and a permanent on-site casino, and by 2010, table games were offered at all four (4) of West Virginia's racetracks that hold video lottery licenses. Prior to 2014, none of the State's share of revenues from either the Greenbrier Resort or racetrack table games was available to pay debt service on any bonds supported by deposits to the State Excess Lottery Revenue Fund or the State Lottery Fund. While certain funds from racetrack table games and casino gaming at the Greenbrier Resort are now deposited into the State Excess Lottery Revenue Fund and available to pay Excess Lottery Bonds Debt Service and Lottery Bonds Debt Service after the payment of all Excess Lottery Bonds Debt Service, no assurance can be given that the State Legislature will not enact legislation in the future that permits casino gaming, video lottery gaming or traditional games but does not require the receipts therefrom to be deposited to either the State Excess Lottery Revenue Fund or the State Lottery Fund. If such legislation is enacted, such games may compete for gaming revenue with games that are currently required to deposit revenues in the State Excess Lottery Revenue Fund and State Lottery Fund.

West Virginia has no Native American reservations or treaty lands. For land to be converted to Indian lands upon which a tribal council could construct a casino, land must be offered to the United States Secretary of the Interior, and the Secretary has the option to accept it for conversion to a reservation. If the Secretary accepted the conveyance, the State's Governor would also have the option to accept. Management of the West Virginia Lottery believes that such an occurrence is improbable in West Virginia.

In 2010, the State Legislature enacted Senate Bill 577, which made it a felony for charitable raffle licensees and others to offer electronic versions of raffle games. Targeted versions of such games look and play like video lottery terminals and have flourished in other states.

**Competition from Surrounding States**

**Maryland:** In 2008, Maryland voters approved a statewide referendum authorizing up to 15,000 slot machines in the city of Baltimore and the counties of Allegany, Anne Arundel, Cecil and Worcester. There is no requirement that any of the slot venues be racetracks. The first operating casino opened at Hollywood Casino Perryville in Cecil County in late September 2010. A second casino, Casino at Ocean Downs, opened in Worcester County on Maryland's Eastern Shore on January 4, 2011. In November 2010, voters in Anne Arundel County approved a zoning change for Maryland Live Casino at the Arundel Mills Mall. The facility opened in June 2012. On April 26, 2012, Maryland's Video Lottery Facility Location Commission awarded a license to develop a slot machine facility at Rocky Gap Lodge and Golf Resort in Allegany County, which is in Maryland's western panhandle, which opened in May 2013. Finally, Horseshoe Casino in Baltimore opened on August 26, 2014, as a joint venture between Caesars Entertainment Corp. and Rock Gaming LLC. Despite the Chapter 11 bankruptcy filing made in January 2015 by Caesars Entertainment Operating Co., the subsidiary of Caesars Entertainment Corp.
that operates Horseshoe Casino in Baltimore, the operator has reported there will be no impact to operations or customer rewards programs at the Baltimore casino, which was not part of the bankruptcy filing.

In November 2012, Maryland voters approved a referendum to legalize table games at the existing slot casinos. Hollywood Casino Perryville introduced Maryland’s first table games on March 6, 2013, when it instituted seven (7) days a week, 24-hour per day operations. Maryland Live Casino began offering table games as of April 11, 2013. Rocky Gap Casino Resort operates just ten (10) table games in its western Maryland facility.

In January 2015, the Maryland Lottery and Gaming Commission approved the request of Maryland Live Casino and Horseshoe Baltimore Casino to reduce the number of slot machines, which were underperforming, with table games. The approved reduction became permanent in January 2016.

In addition, the MGM National Harbor casino in Prince George's County, just outside Washington, D.C., opened on December 8, 2016. MGM National Harbor has generated nearly $300 million in gross gaming revenue since its grand opening. In June 2017, MGM National Harbor generated $50.1 million in gross gaming revenues, representing approximately 38% of the total gross gaming revenues of Maryland's six casinos.

The number of video lottery terminals and table games at each casino/racino discussed above is shown below:

<table>
<thead>
<tr>
<th>Casino/Racino</th>
<th>Number of Video Lottery Terminals</th>
<th>Number of Table Games</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hollywood Casino Perryville</td>
<td>846</td>
<td>20</td>
</tr>
<tr>
<td>Casino at Ocean Downs</td>
<td>800</td>
<td>N/A</td>
</tr>
<tr>
<td>Maryland Live Casino</td>
<td>3,980</td>
<td>202</td>
</tr>
<tr>
<td>Rocky Gap Casino Resort</td>
<td>662</td>
<td>17</td>
</tr>
<tr>
<td>Horseshoe Baltimore</td>
<td>2,202</td>
<td>177</td>
</tr>
<tr>
<td>MGM National Harbor</td>
<td>3,137</td>
<td>165</td>
</tr>
</tbody>
</table>

**Ohio**: On July 13, 2009, the Ohio Legislature passed a budget bill implicitly recognizing former Governor Ted Strickland’s authority to expand Ohio’s Lottery to include electronic slot machines at Ohio’s seven (7) horseracing tracks. Governor Strickland had issued a directive to the Ohio Lottery Commission to begin adding up to 2,500 electronic slot machines at each track.

On November 3, 2009, Ohio voters considered and approved Issue 3 that authorized one (1) casino facility to be operated at a designated location within each of the cities of Cincinnati, Cleveland, Columbus and Toledo, Ohio. The Horseshoe Casino in Cleveland opened on May 14, 2012, Hollywood Casino in Toledo opened on May 29, 2012, Hollywood Casino in Columbus opened on October 8, 2012, and Horseshoe Casino in Cincinnati opened on March 4, 2013.

Caesars Entertainment Corp. announced that it was transitioning the operation of Horseshoe Casino in Cleveland, Horseshoe Casino in Cincinnati and Thistledown Racecourse in Cuyahoga County, which is discussed in the succeeding paragraph, to its partner, Detroit-based Jack Entertainment LLC (formerly Rock Gaming LLC). Jack Entertainment LLC has owned these properties since February 2015, but Caesars continued to manage the gaming aspects of the business until November 2, 2015. Rebranding of the three (3) properties took place earlier this year. Specifically, on March 9, 2016, Thistledown Racecourse was rebranded as JACK Thistledown Racino, on May 9, 2016, Horseshoe Casino in Cleveland was rebranded as JACK Cleveland Casino and on June 8, 2016, Horseshoe Casino in Cincinnati was rebranded as JACK Cincinnati Casino.

Expanded gaming operations in Ohio will impact the revenues of the West Virginia Lottery and could potentially impact such revenues more significantly than projected by the West Virginia Lottery. The Ohio Legislature passed legislation allowing racetrack casinos to transfer their licenses to a new location for a fee. Ohio's seven (7) racetracks are also continuing to add video slots, but not table games, at those facilities. Scioto
Downs in the Columbus area opened on June 1, 2012, JACK Thistledown Racino in Cuyahoga County opened in April 2013, Hard Rock Rocksino Northfield Park, in Summit, Ohio, opened in December 2013, and Miami Valley Gaming opened in December 2013 after having moved from Lebanon. Eldorado, Inc., which owns Scioto Downs, recently announced that it has entered into a joint venture to construct a new 118-room hotel at the racino.


The number of video lottery terminals and table games as of June 30, 2017 at each casino/racino discussed above is shown below:

<table>
<thead>
<tr>
<th>Casino/Racino</th>
<th>Number of Video Lottery Terminals</th>
<th>Number of Table Games</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hollywood Casino Toledo</td>
<td>2,044</td>
<td>78</td>
</tr>
<tr>
<td>JACK Cleveland Casino</td>
<td>1,488</td>
<td>126</td>
</tr>
<tr>
<td>Hollywood Casino Columbus</td>
<td>2,229</td>
<td>105</td>
</tr>
<tr>
<td>JACK Cincinnati Casino</td>
<td>1,915</td>
<td>121</td>
</tr>
<tr>
<td>Scioto Downs</td>
<td>2,244</td>
<td>N/A</td>
</tr>
<tr>
<td>JACK Thistledown Racino</td>
<td>1,399</td>
<td>N/A</td>
</tr>
<tr>
<td>Hard Rock Rocksino Northfield Park</td>
<td>2,272</td>
<td>N/A</td>
</tr>
<tr>
<td>Miami Valley Gaming</td>
<td>1,710</td>
<td>N/A</td>
</tr>
<tr>
<td>Hollywood Gaming at Dayton Raceway</td>
<td>1,012</td>
<td>N/A</td>
</tr>
<tr>
<td>Hollywood Slots at Mahoning</td>
<td>1,034</td>
<td>N/A</td>
</tr>
<tr>
<td>Belterra Park River Downs</td>
<td>1,361</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Kentucky: Legislation has been introduced in Kentucky that would authorize casino-style gaming at Kentucky racetracks, but no legislation has ever been enacted. During the 2017 session, legislation was introduced in the House and the Senate to allow casino gaming in Kentucky. The proposed bills would have ultimately required the voters in the state to consider a constitutional amendment to open Kentucky to casinos. The legislation was not successful. It is unknown whether similar legislation will be introduced in the future and, if so, whether such legislation will receive sufficient legislative support to be enacted. Additionally, the Kentucky Lottery Commission's board of directors reportedly took action on March 22, 2013, to begin Internet-based sales of lottery tickets and to offer Keno as a new lottery game in Kentucky.

Pennsylvania: In early July 2004, Governor Ed Rendell signed the Pennsylvania Race Horse Development and Gaming Act (HB2330) providing for up to seven (7) slot machine licenses for existing and planned horseracing facilities (Category 1), up to five (5) slot machine licenses for non-racing venues (Category 2) and up to two (2) slot machine licenses for existing resort hotels with at least 275 rooms each (Category 3). When fully exercised, 14 licenses could operate as many as 61,000 slot machines. As of June 2017, the average number of slot machines operating throughout Pennsylvania was 25,685, down from 26,634 in June 2016.

At the end of calendar year 2007, the Pennsylvania Gaming Control Board (“PGCB”) approved permanent licenses for six (6) Category 1 racetrack slot machine applicants which may operate a maximum of 5,000 slot machines each at existing horse racing facilities:

- Chester Downs and Marina, LLC (Harrah’s Chester Downs, Delaware County). The racino in Chester, Pa., opened in January 2007.
- Downs Racing, LP (Mohegan Sun Pocono, Luzerne County). The racino near Wilkes-Barre was the first to begin operations in Pennsylvania, opening on November 14, 2006.
• Presque Isle Downs, Inc. (Presque Isle Downs & Casino, Erie County). The racino located outside of Erie opened in February 2007.

The PGCB also approved five (5) Category 2 licenses for stand-alone slots facilities, which may operate a maximum of 5,000 slot machines each:

• HSP Gaming, LP. HSP's SugarHouse Casino is along the Delaware River near the Girard Avenue exit of Interstate 95 in Philadelphia. In May 2016, SugarHouse Casino officially celebrated a major expansion to the casino including an expansion of its gaming areas to offer 44 additional table games, 289 new slot machines and a 28-table poker room.
• PITG Gaming, LLC. The Rivers Casino is operated in Pittsburgh by owner Majestic Star. It is on the North Shore west of Heinz Field and the Carnegie Science Center.
• Mount Airy #1, LLC (Mount Airy Casino, Monroe County). Based at the Mount Airy resort in Paradise Township in the Poconos, the Mount Airy Casino opened in October 2007.
• Sands Bethworks Gaming, LLC (Sands Bethlehem, Northampton/Lehigh Counties). The Sands Bethlehem Casino is at the former Bethlehem Steel Co. plant in the City of Bethlehem. It opened in May 2009.
• On November 18, 2014, the PGCB awarded its final Category 2 gaming license in the City of Philadelphia to a joint venture between The Cordish Companies and Greenwood Gaming and Entertainment, Inc. for their proposed LIVE! Hotel & Casino Philadelphia project to be constructed at 900 Packer Avenue, on the corner of 9th and Darien Streets, in the heart of the stadium district in South Philadelphia.

The final Category 2 gaming license granted by the PGCB for the LIVE! Hotel & Casino Philadelphia project was appealed by several of the losing bidders for the license. On March 29, 2016, the Pennsylvania Supreme Court remanded the case back to the PGCB to re-examine whether the applicant's ownership structure complies with state gaming laws.

The PGCB has approved two (2) Category 3 licenses. A Category 3 license was placed at Valley Forge Casino Resort in King of Prussia, Pennsylvania, and began operations at midnight on March 31, 2012. Woodlands Fayette, LLC which operates a slot casino at Nemacolin Woodlands Resort, which opened on July 1, 2013. Pennsylvania's Category 3 license is similar to the license granted by the West Virginia Lottery to the Greenbrier Resort in that patrons must have a certain level of contact with the facility to be granted access to the casino.

In January 2010, the Pennsylvania Legislature enacted legislation authorizing the operation of table games in Pennsylvania's 14 planned slot machine locations. The PGCB has issued table games certificates to the ten (10) Category 1 and 2 licensees to operate up to 250 table games for the initial six (6) months of operation, after which they may petition the PGCB to increase the number of table games. As of July 31, 2016, 1,131 tables were in operation across the ten (10) facilities. On a smaller scale, the Pennsylvania legislation permits the Category 3 facilities to seek a table games certificate to operate up to 50 table games. The Pennsylvania legislation permits an increase in the number of slot machines operated at Category 3 facilities to 600 after a table games certificate is obtained, and authorized the addition of a third Category 3 license after July 20, 2017. Valley Forge Casino Resort, which opened on March 31, 2012, was approved in February 2012 to offer table games and as of June 30, 2017 had 50 tables in operation. The Category 3 casino at Nemacolin Woodlands Resort operates table games as well and as of June 30, 2017, had 27 tables in operation. Expanded gaming operations in Pennsylvania will continue to impact the revenues of the West Virginia Lottery and could
potentially impact such revenues more significantly than projected by the West Virginia Lottery.

On November 27, 2013, Governor Tom Corbett signed a law legalizing tavern gaming that will allow tavern raffles for a charitable or public purpose, pull-tab games and daily drawings at certain licensed establishments. Under the new law, retail alcohol beverage licensees may be eligible to apply for the Tavern Gaming License, with the exception of certain facilities, including grocery stores, professional sporting venues, and casinos. As of June 15, 2016, the Pennsylvania Liquor Control Board has approved Tavern Gaming Licenses for 53 different taverns around the state.

On April 4, 2016, Gaming and Leisure Properties, Inc., a Pennsylvania corporation based out of Wyomissing, Pennsylvania, announced that it has contracted to sell the entities holding the gaming licenses and operating assets of Meadows Racetrack and Casino in Washington County, Pennsylvania, to Pinnacle Entertainment, Inc. for $138 million. On September 7, 2016, the PGCB approved the acquisition of the operations of Meadows Racetrack and Casino, following the earlier approval by the Pennsylvania Harness Racing Commission in August 2016. The transaction closed in September 2016. The sale of Meadows Racetrack and Casino represents the fifth sale involving a casino in Pennsylvania. The other Pennsylvania casinos that have undergone a change in control include The Rivers Casino, Mount Airy Casino, Presque Isle Downs & Casino and Harrah's Chester Downs.

Plans of Endeka Entertainment to build the proposed Lawrence Downs Casino and Racing Resort in Lawrence County, Pennsylvania came to an end in 2016, when the developer elected not to appeal the Pennsylvania Gaming Control Board's decision to deny a casino license for the complex. Despite the developer's decision not to move forward and appeal the denial of its application for the casino license, both Lawrence County, Pennsylvania and Mahoning Township filed an appeal of the Board's denial of the license with the Pennsylvania Supreme Court of Appeals.

Currently, the Pennsylvania Legislature is considering expansion of its gaming laws to help close its budget gap. Proposals before the Pennsylvania Legislature include, among other things, legalization of online gambling and the authorization of "satellite" casino licenses, which may be bid on first by the state's ten largest casinos, to allow the development of casinos with up to 700 slot machines and 100 table games in locations at least twenty-five miles from existing casinos.

The number of video lottery terminals and table games as of June 30, 2017 at each casino/racino discussed above is shown below:

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<thead>
<tr>
<th>Casino/Racino</th>
<th>Number of Video Lottery Terminals</th>
<th>Number of Table Games</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohegan Sun Pocono</td>
<td>2,332</td>
<td>91</td>
</tr>
<tr>
<td>Parx Casino</td>
<td>3,412</td>
<td>179</td>
</tr>
<tr>
<td>Harrah's Chester Downs</td>
<td>2,450</td>
<td>118</td>
</tr>
<tr>
<td>Presque Isle Downs &amp; Casino</td>
<td>1,594</td>
<td>38</td>
</tr>
<tr>
<td>Meadows Racetrack and Casino</td>
<td>2,730</td>
<td>82</td>
</tr>
<tr>
<td>Mount Airy Casino</td>
<td>1,868</td>
<td>81</td>
</tr>
<tr>
<td>Hollywood Casino at Penn National Race</td>
<td>2,350</td>
<td>74</td>
</tr>
<tr>
<td>Course</td>
<td>3,013</td>
<td>237</td>
</tr>
<tr>
<td>Sands Casino</td>
<td>2,934</td>
<td>122</td>
</tr>
<tr>
<td>The Rivers Casino</td>
<td>1,802</td>
<td>140</td>
</tr>
<tr>
<td>SugarHouse Casino</td>
<td>600</td>
<td>50</td>
</tr>
<tr>
<td>Valley Forge Casino Resort</td>
<td>600</td>
<td>27</td>
</tr>
</tbody>
</table>

The following graphic depicts the current casino and racino locations in West Virginia and its bordering states:
New Local Option Elections

The Racetrack Video Lottery Act, the Racetrack Table Games Act and Section 7 of the Authorized Gaming Facility Act provide that if voters of a county approve Racetrack Video Lottery and/or Racetrack Table Games and/or a video lottery and table games at the Greenbrier Resort, another local option election on the issue may be held, provided that such new local option election occurs no sooner than at least five (5) years after the date upon which voters of a county approved Racetrack Video Lottery and/or Racetrack Table Games and/or video lottery and table games at the Greenbrier Resort, and, further provided, that at least 5% of the number of qualified voters residing within the county who were registered to vote in the next preceding general election file a written petition with the county commission of such county to hold such new local option election.

To date, although all local option elections in the State for which voters approved Racetrack Video Lottery, Racetrack Table Games and video lottery and table games at the Greenbrier Resort occurred more than five (5) years ago, there has been no attempt to hold a new local option election within any county in which Racetrack Video Lottery, Racetrack Table Games or video lottery and table games at the Greenbrier Resort has previously been approved. A successful recall election in any one or more of the counties in which there is Racetrack Video Lottery or Racetrack Table Games or in the county in which the Greenbrier Resort is located could have a material adverse effect on the availability of revenues available to pay debt service on the Series 2017 Bonds. If Racetrack Video Lottery gaming or Racetrack Table Games is ever successfully voted out in a county or video lottery or table games at the Greenbrier Resort is ever voted out in Greenbrier County, supporters of Racetrack Video Lottery, Racetrack Table Games or video lottery and table games at the Greenbrier Resort, as applicable, must wait 104 weeks to hold another election on whether Racetrack Video Lottery, Racetrack Table Games or video lottery and table games at the Greenbrier Resort, as applicable, can be operated.

Non-renewal of Table Games License

Due to increased competition in surrounding states, the revenue from table games at the racetracks has declined and may decline further as more competition opens. The West Virginia Lottery projects that revenue from table games will decline in 2016 and then will stabilize in 2017 and 2018. All of the State's racetracks renewed their table game licenses on July 1, 2016. However, if table game revenues continue to decline, no guarantee can be made that all tracks will renew their table game licenses in the future. In such event, reduced table games revenues could adversely affect the payment of debt service on the Series 2017 Bonds.
Decline or Cessation of Greyhound Dog Racing

On April 8, 2017, Governor Justice vetoed Senate Bill 437, which would have eliminated subsidies to greyhound breeders and removed the requirement for greyhound racing at Wheeling Island Hotel-Casino-Racetrack and Mardi Gras Casino & Resort. If Senate Bill 437 had become effective, it may have had a negative effect on greyhound racing at Wheeling Island Hotel-Casino-Racetrack and Mardi Gras Casino & Resort.

Additionally, 40 states have passed legislation prohibiting greyhound dog racing, and four (4) other states have closed their tracks and ceased live racing without legislative action. Presently, only six (6) states have tracks open which allow greyhound dog racing, including West Virginia. Legislation could be introduced in the State Legislature in the future what may either further reduce or completely eliminate state subsidies for greyhound purse and breeder's funds or altogether cease greyhound dog racing at both the Wheeling Island Hotel-Casino-Racetrack and at Mardi Gras Casino & Resort, which, if enacted, could negatively impact attendance at those tracks and result in reduced video lottery and racetrack table games revenues.

Indoor Smoking Bans

Legislation in various forms to ban indoor tobacco smoking has been enacted in many local jurisdictions in the State. Implementation of local tobacco smoking bans have had a negative impact on attendance at casinos and limited video lottery retailers in some areas of the State where smoking bans have been enacted. As a result of decreased attendance at such locations, lottery revenues have been adversely affected. If restrictions on smoking are enacted statewide or by additional local jurisdictions in which casinos or limited video lottery retailers operate in the State, there could be a decrease in attendance at such locations which could further negatively affect lottery revenues.

Lottery Games Sold and Operated by Private Businesses

Lottery games are offered to the public through private businesses operating throughout West Virginia. By way of example and not limitation, traditional games are sold through licensed lottery retailers, limited video lottery games are operated by licensed limited video lottery retailers, and racetrack video lottery and table games are operated by the four (4) licensed racetracks in West Virginia. Inherent in these types of distribution/operation arrangements are the risks that the sale of lottery games will be negatively impacted by disruptions in the operation of the private businesses that sell the Lottery's products to the general public. These disruptions could materially and adversely affect the revenues of the Lottery that are deposited into the State Lottery Fund and the State Excess Lottery Revenue Fund, especially if the disruptions are widespread and/or lengthy. See "THE WEST VIRGINIA LOTTERY – "Traditional Games," "Racetrack Video Lottery Games" and "Racetrack Table Games" herein.

THE COMMISSION

In General

The Commission is the successor to the Board of Directors of the State College System and the University of West Virginia Board of Trustees. The Commission, along with an Interim Governing Board, was formed in June of 2000 as part of a restructuring of higher education. The Interim Governing Board was abolished on July 1, 2001 and replaced with separate Institutional Governing Boards.

The Commission is responsible for developing, gaining consensus around and overseeing the implementation of a higher education public policy agenda. The Commission is responsible for the development of public policy for higher education and other duties as specifically set forth in the Act, including preparation of the statewide budgets for higher education. Additional powers and duties include, but are not limited to, the duty to develop a master plan for each institution under its jurisdiction, except for Marshall University, West Virginia School of Osteopathic Medicine and West Virginia University, the power to approve increases in tuition and other
fees of the institutions that exceed 10% or 7% per year over a rolling three year period, and the power to review institutions' budget request.

The Commission is authorized to issue the Series 2017 Bonds pursuant to the Constitution and laws of the State, including the Act and the Lottery Act, a Resolution adopted by the Commission on __________ __, 2017, and the Indenture. The proceeds of the Series 2017 Bonds will be used to advance refund the Prior Bonds and pay costs of issuance of the Series 2017 Bonds. The Legislature of the State, by the enactment of Senate Bill 448 (effective on March 13, 2004), segregated the administration of four-year programs and two-year programs at the state institutions of higher education from the Commission and placed the two-year programs under the Council. The four-year programs are now administered by the Commission and the two-year programs are now administered by the Council.

The Commission currently has outstanding other revenue bonds that are payable from other sources. The outstanding revenue bonds of the Commission will not be payable from or have a lien on the Pledged Revenues.

Members

The Commission is comprised of ten members. The ex-officio members are the Chairman of the Council for Community and Technical College Education, the Secretary of Education and the Arts, and the State Superintendent of Schools. The other seven members shall be citizens of the State, appointed by the Governor, with the advice and consent of the Senate. The terms of the members appointed by the Governor shall be for overlapping terms of four (4) years. The Governor shall appoint a member to fill any vacancy among the seven members of the Commission appointed by the Governor. The member appointed to fill such vacancy shall serve for the unexpired term of the vacating member. The Governor shall fill the vacancy within thirty days of the occurrence of the vacancy. The current members of the Commission are as follows:

Michael J. Farrell, Esquire
Chairman

Michael J. Farrell is the Founding Member of Farrell, White & Legg, PLLC, a Huntington law firm. He graduated from Marshall University in 1969 with a B.S. He graduated from the West Virginia University College of Law with a Doctorate of Jurisprudence in 1974. He served as Interim President of Marshall University in 2005. Cumulatively, he served eleven years as a member of the Marshall University Board of Governors and its predecessor, Marshall University Advisory Board.

At Marshall, he also served as a member of the Alumni Association Board of Directors. As a Marshall student, he was Student Body President, a member of Omicron Delta Kappa, a Distinguished Military Graduate and the First Student Member of the President's Cabinet. He also served as MARCO, the school mascot. At the WVU College of Law, he served two terms on the Visiting Committee including a year as Chairman. As a law student, he was an oralist on the 1973 National and World Champion, Jessup International Law Moot Court Team. He was Senior Class President, a member of law review and served as Chief Justice of the Moot Court Board as well as Captain of both the National and International Moot Court Teams. He is a member of Mountain, WVU's Ranking Men's Honorary.

Jenny Allen

Jenny is the Chief Operating Officer at SkyTruth, a technology-based environmental nonprofit based in Shepherdstown that uses satellite imagery and remote sensing data to map and monitor threats to the planet such as oil spills, fracking, mountaintop removal mining, and overfishing of the oceans. As a leader of the Create campaign for Shepherd University, Jenny helped the institution raise $26 million in its first comprehensive fundraising initiative. She also served as a trustee for nine years and president for four of the Contemporary American Theater Festival as well as on numerous other boards, including the New York based playwright service organization New Dramatists. Jenny has participated in panels for the Theatre Communications Group and for the
National Endowment for the Arts. She earned a B.A. from Hampshire College in Amherst, Mass., an M.A. from the University of Georgia, and an Executive Certificate in Nonprofit Management at Georgetown University.

James W. Dailey, II

James W. Dailey, II completed his Undergraduate Studies at West Virginia University in 1968 and a Bachelor of Science in Construction Management from Northeast Louisiana University in 1970 while serving as President of Sigma Lambda Chi Construction Society Honorary.

Mr. Dailey is Chairman and Treasurer of W. Harley Miller Contractors, Inc., where he started with the company 47 years ago as an estimator, and progressed through to project manager, chief construction engineer, vice president, and executive vice president. His construction experience had afforded him the honor and privilege of being involved in a vast array of building projects throughout his career.

Mr. Dailey is a Past President, Officer and Director of the Contractors Association of West Virginia. He is a Past President, Officer and Director of Associated Builders and Contractors of Cumberland Valley Chapter and Board of Trustee for the Construction Education Foundation. Mr. Dailey is a Past Chairman of West Virginia University Board of Governors and past Gubernatorial Appointee of West Virginia University Board of Governors. He is a past Gubernatorial Governor Appointee to the WV State Building Commission and a current Gubernatorial Appointee to the Public Employees Insurance Agency, Finance Board and Trust Fund. He is a current Mayoral Board Member Appointee to the Building Code of Appeals Board for the City of Martinsburg.

Mr. Dailey is the Past President, Officer and Director of the Martinsburg-Berkeley County Chamber of Commerce and serves on the Executive Committee and Director of the West Virginia Chamber of Commerce, Chairman of the Board for United Bank of Martinsburg and Board of Director of United Bank of West Virginia. He currently serves as Chairman of the Board of Farmers & Mechanics Mutual Insurance Company of WV and as a Director since March 3, 1995. He currently serves as Chairman of the Board of Directors of Farmers & Mechanics Fire & Casualty Insurance, Inc. and as a Director since May 12, 2006. He currently serves as Chairman of the Board of Directors of Pulaski and Giles Mutual Insurance Company of VA.

He was a Major (Retired Pilot) with the 167th Airlift Wing of the West Virginia Air National Guard. He is a 32nd Degree Master Mason of Equality Lodge No. 44 of Martinsburg and the Osiris Shrine Temple in Wheeling WV. He is a member of the Christ Reformed Church, United Church of Christ.

Anita R. Casey, Esquire

[Bio to come]

Diane Lewis Jackson

Diane Lewis Jackson is a graduate of Fairmont State University and holds two degrees in Accounting and Banking. She is the Founder, President and CEO of Action Facilities Management, Inc. (AFM), located in Morgantown, WV. Diane has successfully grown her company to be a premier government and commercial contract firm specializing in site management, security services, maintenance and janitorial, equipment operations, consulting, staffing solutions and project management.

Diane currently also serves on the West Virginia University Hospital Board, the Visiting Committee for the Mary Babb Randolph Cancer Center, and is a former member of the West Virginia University Board of Governors. Mrs. Jackson has received countless awards/commendations for her dedication and leadership principles.

Dale Lowther
Andrew A. Payne III

Andrew Payne has worked in the financial industry for the past 30 years. He attended public school in Charleston, WV and graduated from George Washington High School in 1976. He received his bachelor’s degree in economics in 1980 from Hampden Sydney College, and his MBA from George Washington University in 1985. Mr. Payne was a member of the Board of Governors at West Virginia University for nine years, serving three years as Vice Chairman and two years as Chairman.

Gayle Manchin
Ex-Officio, Secretary of Education and the Arts

Gayle Connelly Manchin attended West Virginia University, where she attained her Bachelor of Arts in Language Arts and Education and a Master of Arts in Reading, and a second master's specialization in Educational Technology Leadership from Salem International University. She was recently appointed by Governor Jim Justice to serve as Cabinet Secretary for the Office of Education and the Arts within his administration.

As an educator, Gayle worked in Marion County Schools at the secondary level, served on the faculty of Fairmont State University in Developmental Education and was the Director of the university's first Community Service Learning Program. From 2000-2004, she directed the AmeriCorps Promise Fellows in WV and through the Secretary of Education and the Arts, implemented a statewide initiative, WVPASS (WV Partnerships to Assure Student Success).

From January 2005 until November 2010, Gayle served as West Virginia's First Lady and the official hostess of the Governor's Mansion where she was an advocate for West Virginia children and families. In addition, she was appointed by the Governor to serve as a member of the State Board of Education, where she completed her tenure in 2015 after serving as President for her last two years. She is the Chair of the Board for Reconnecting McDowell, an AFT initiative serving rural WV, is a past-president of the Vandalia Rotary Club of Charleston, and currently serves on the Clay Center Advisory Board, Vision Shared and as an Emeritus Member of The Education Alliance. In addition, she serves on the REL Appalachia Governing Board.

On the national level, Gayle is a Past-President of the National State Boards of Education (NASBE). She served by appointment of Sec. of Education, Arne Duncan to the FIPSE (Federal Improvement for Post-Secondary Education) Board from 2010-2014, and is a current member of the International Friendship Club and the Senate Spouses Organization in Washington, DC. Gayle is also a member of the Board of Director's for Horton's Kids, a non-profit organization serving at-risk youth in Washington, DC. She has spoken both at a state and national level on challenges of rural education, poverty, and our responsibility to intersect economic development with education through collaboration with the Gov's STEM and STEAM initiatives.

While at WVU, Gayle met and married Joe Manchin, III, elected as US Senator from West Virginia, to fill the unexpired term of Senator Robert C Byrd in 2010, and re-elected in 2012 for a full term. Joe and Gayle have been married for 48 years and have three children and ten grandchildren.

Dr. Steven L. Paine, Ed.D.
Ex-Officio, State Superintendent of Schools

Dr. Steven L. Paine began serving as West Virginia's 31st Superintendent of Schools in March 2017. He previously served as West Virginia's 25th Superintendent of Schools from 2005-2011.

Under his leadership, West Virginia was internationally and nationally recognized for its 21st century learning program. The state was also singled out for its work with pre-K programs, school technology implementation, school leadership development programs, reading initiatives and teacher quality efforts.
Dr. Paine was active in national education policy discussions as president of the Council of Chief State School Officers and as a member of the National Commission on Teaching and America's Future (NCTAF) Board of Directors and the National Assessment Governing Board. As part of the governing board, Dr. Paine helped lead its work to set policy for the National Assessment of Educational Progress (NAEP), commonly known as The Nation's Report Card.

Dr. Paine joined the West Virginia Department of Education in 2003 as deputy state superintendent of Schools after serving as Morgan County superintendent. He also has served as principal, assistant principal, teacher and curriculum director in school systems in Upshur and Harrison counties.

During his tenure as principal, Buckhannon-Upshur Middle School was named a U.S. Department of Education Blue Ribbon School and a U.S. Department of Education Safe, Disciplined, Drug-free School, one of approximately 10 schools in the nation to earn both awards. As a result of his work as a principal, he was named a recipient of the prestigious Milken Family Foundation National Educator Award.

Dr. Paine earned his undergraduate degree from Fairmont State College, in Fairmont, W.Va. He furthered his education by attending West Virginia University in Morgantown, W.Va., where he received his master's in educational administration and his doctorate in educational leadership.

Bob Brown
Ex-Officio, Chair, West Virginia Council for Community and Technical College Education

Bob Brown who is employed in the Office of the President for the American Federation of Teachers, resides in Charleston, WV. Mr. Brown is Senior Vice President of the WV AFL-CIO; Chair of the WV Public Employee Grievance Board; a member of the WV Higher Education Policy Commission; a member of the WV Workforce Investment Council; a member of the Teachers Retirement System Committee of the WV Investment Management Board; a Commissioner for the Malden Public Service District; and a member of the WV Attorney General's Citizen Advisory Committee. Bob Brown is a Marine Corps veteran of the Viet Nam war and was educated in Kanawha County public schools, West Virginia Institute of Technology, and West Virginia University.

Administration

In order to assist the Commission with carrying out its directives, duties and responsibilities, a system Chancellor is employed by the Commission. The Chancellor works with the Commission to evaluate policy options and develop policy. The Chancellor serves as the chief executive officer. The offices of the Chancellor and other Commission staff are located in Charleston, West Virginia. Below are the biographies of the administrative staff of the Commission:

Dr. Paul L. Hill
Chancellor

Dr. Paul L. Hill was named Chancellor of the West Virginia Higher Education Policy Commission in 2012. As Chancellor, he oversees budgets, financial aid programs, facilities, legal affairs and policy coordination for the ten universities and colleges in the West Virginia public higher education system.

He previously served as the system's Interim Chancellor and as Vice Chancellor for Science and Research 2007-12. He was Executive Director of the West Virginia Experimental Program to Stimulate Competitive Research (WVEPSCoR), a National Science Foundation (NSF) program, and helped design and manage a number of research initiatives with academic institutions, including: the West Virginia Research Trust Fund, known as "Bucks for Brains," the West Virginia Research Challenge Fund, and the West Virginia Eminent Scholars Initiative. He formerly held a research position at West Virginia University and served as a faculty member at the University of Charleston. Before returning to West Virginia in 2001, he was Chairman and Chief
Executive Officer the U.S. Chemical Safety Board, twice appointed by President Bill Clinton and confirmed by the U.S. Senate.

Dr. Hill has more than 30 years of experience in academic administration, grantsmanship and public policy development and has held CEO positions in state, federal, and private organizations. He has appeared before Congress on numerous occasions and provided congressional testimony on science, research, and education policy. He has been a U.S. Delegate to the Organization for Economic Cooperation and Development (OECD) in Europe, member of the American Association for the Advancement of Science (AAAS), the Association of University Technology Managers (AUTM), and the Coalition on the Public Understanding of Science (COPUS). Recently, Dr. Hill became a member of State Higher Education Executive Officers’ (SHEEO) Federal Relations Committee and was appointed by Governor Earl Ray Tomblin to both the Southern Region Education Board (SREB) and the Education Commission of the States (ECS).

A native West Virginian, Dr. Hill holds degrees from Marshall University (B.S. and M.S.) and the University of Louisville (Ph.D.) in biology and chemistry. He studied at the University of Louisville's Systems Science Institute.

Matt Turner
Executive Vice Chancellor for Administration

Matt Turner joined the Higher Education Policy Commission in 2014. He has 20 years of experience in communications and public affairs roles, including serving as director of communications for Gov. Joe Manchin and chief of staff and senior vice president for communications at Marshall University. Matt also worked in public relations roles for the West Virginia Department of Commerce and Special Metals Corp. Turner received bachelor's and master's degrees in journalism and public relations from Marshall University.

Dr. Ed Magee
Vice Chancellor for Finance

Dr. Edward Magee is the Vice Chancellor for Finance for the West Virginia Higher Education Policy Commission. He has leadership responsibilities for accounting, budgeting, and financial reporting. His duties include the analysis and presentation of financial data for the Commission, Council for Community and Technical College Education, and governmental officials; coordination of the annual audit; and the oversight of the Commission's financial operations. In addition, he has oversight responsibility for public higher education facilities planning and budgeting. Prior to joining the Commission, he served as the Vice President for Administration and Finance at Shepherd University. Dr. Magee is a CPA with a doctoral degree in educational leadership studies and a master's degree in business administration from West Virginia University. In addition, he received a bachelor's degree in accounting from Wheeling Jesuit University.

Richard B. Donovan
Senior Director of Facilities

Richard Donovan has been employed by West Virginia's higher education governing and policy boards since 1980 and has served in various positions in the Division of Finance and Facilities. He currently serves as the Senior Director of Facilities. He previously served as the Assistant Director of Facilities beginning in 1991, and from November 2006 as Co-Interim Director of Finance and Facilities along with the Assistant Director of Finance. In March 2009, he was appointed as Chief Financial Officer for the Commission, a position that he held until January 2012. Mr. Donovan holds a bachelor's degree in business administration from Shepherd College (now Shepherd University).

Bruce Ray Walker, Esquire
General Counsel
Bruce Ray Walker has served as General Counsel for the state's higher education system since 1991. Prior to that time, he spent eight years with the West Virginia Attorney General's Office as an assistant and later deputy attorney general. He received a B.A. degree from Michigan State University and a J.D. from Washington and Lee University College of Law. As General Counsel, Mr. Walker is responsible for legal advice to the West Virginia Higher Education Policy Commission, the Council for Community and Technical College Education, the higher education office, and to the public institutions of higher education.

The Commission's financial condition is not material to an investment in the Series 2017 Bonds and, accordingly, information regarding the Commission's financial condition is not being provided.

THE STATE

The State is bordered by the states of Maryland, Pennsylvania, Ohio, Kentucky and Virginia. West Virginia is approximately 24,000 square miles of predominately rural and mountainous area. West Virginia had an estimated population of approximately 1,844,128 in 2015. Total estimated personal income in West Virginia was approximately $67.787 billion in 2015. The West Virginia economy is based primarily on manufacturing, mineral extraction, services and tourism. Manufacturing, mineral extraction, construction, transportation and public utilities, trade, finance, insurance and real estate, education and health services and government account for approximately 98.6% of total employment according to Workforce West Virginia. The government of the State is comprised of three (3) branches, the Executive Department, the Legislature and the Judiciary. The Governor, Treasurer, Auditor, Secretary of State, Attorney General and Commissioner of Agriculture comprise the primary body of the Executive Department with seven (7) departments, three (3) bureaus and some independent boards and commissions comprising the remainder of the Executive Department. The legislative power of the State is vested in the Senate and the House of Delegates. The judicial power of the State is granted to The Supreme Court of Appeals, Circuit Courts, judges thereof and county magistrates.

INDEPENDENT AUDITORS' REPORT

The audited financial statements of the West Virginia Lottery for the fiscal years ended June 30, 2016 and 2015, included in APPENDIX B to this Official Statement have been audited by Gibbons & Kawash, A.C., Independent Auditors, for the periods stated in their report, as stated in their report. The independent auditors did not review this Official Statement and the Commission and the West Virginia Lottery did not request the consent of the independent auditors to attach the financial statements of the West Virginia Lottery for the fiscal years ended June 30, 2016 and June 30, 2015 and the related independent auditors' reports as APPENDIX B to this Official Statement. The independent auditors performed no procedures relating to the information in this Official Statement and are therefore not associated with the issuance of the Series 2017 Bonds.

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, or in any manner contesting or affecting the validity of the Series 2017 Bonds, or the proceedings taken with respect to the authorization, issuance and sale thereof.

LEGAL MATTERS

The authorization and issuance of the Series 2017 Bonds are subject to the approval of legality by Bowles Rice LLP, Charleston, West Virginia, Bond Counsel. Bond Counsel will render opinions in substantially the same form set forth in APPENDIX D to this Official Statement. Certain legal matters will be passed upon for the Commission by its general counsel, Bruce R. Walker, Esquire, Charleston, West Virginia and for the Underwriters by their counsel, Steptoe & Johnson, PLLC, Charleston, West Virginia. Disclosure matters will be passed upon for the State by Spilman Thomas & Battle, PLLC, Charleston, West Virginia as disclosure counsel for the State.

TAX MATTERS
FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of the Series 2017 Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor is not obligated to undertake to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

UNDERWRITING

The Underwriters identified on the cover page of this Official Statement have agreed to purchase the Series 2017 Bonds at an aggregate purchase price of $__________ (par less an Underwriters' discount of $__________ and less original issue discount of $__________) plus accrued interest on the Series 2017 Bonds from ______ to their delivery date), pursuant to a bond purchase agreement among the Commission and the Underwriters. The Underwriters may offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing such Series 2017 Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The Underwriters will purchase all the Bonds if any are purchased. The public offering price set forth on the cover page hereof may be changed after the initial offering by the Underwriters.

Citigroup Global Markets Inc., an underwriter of the Series 2017 Bonds, is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activated may involve securities and instruments of the Commission.

Piper Jaffray & Co. has entered into a distribution agreement (the "PJC Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the PJC Distribution Agreement, CS&Co. will purchase the Series 2017 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2017 Bonds that CS&Co. sells.

RATINGS

[Moody's Investors Service ("Moody's") and Standard & Poor's Corporation ("S&P") have assigned ratings of "___" and "___", respectively, with respect to the Series 2017 Bonds. Any desired explanation of the significance of such ratings should be obtained from Moody's or S&P, respectively. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the
Commission and the State to Moody's and S&P. Generally, Moody's and S&P base their respective rating on the information and materials so furnished and on their respective investigations, studies and assumptions.

There is no assurance that a particular rating will be maintained for any given period of time and that it will not be lowered or withdrawn entirely if, in the judgment of Moody's or S&P, as the case may be, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2017 Bonds any proposed revision or withdrawal of any rating of the Series 2017 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2017 Bonds.

**VERIFICATION AGENT**

The accuracy of the mathematical computations supporting the adequacy of the bond proceeds and amounts deposited from the debt service fund into the Escrow Fund pursuant to the Escrow Agreement to pay, when due, the Redemption Price of the Prior Bonds, and the accuracy of certain mathematical computations supporting the conclusion that the Bonds will not be "arbitrage bonds" under Section 148 of the Code, will be verified by ____________________ as a condition to delivery of the Series 2017 Bonds. Such computations were based solely upon assumptions and information supplied by Public Resources Advisory Group on behalf of the State. ____________________ has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

**CONTINUING DISCLOSURE**

**Continuing Disclosure Undertaking**

To comply with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Department of Administration will enter into a Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Agreement") with Digital Assurance Certification, L.L.C. ("DAC"), as the dissemination agent on behalf of the State, for the benefit of the registered and beneficial owners of the Bonds, pursuant to which the Department of Administration will covenant to provide to DAC (a) certain annual financial information of the State not later than March 31 of the calendar year following the end of each fiscal year of the State, commencing with the report for the fiscal year ending June 30, 2017 (which is due March 31, 2018), and (b) notice of certain events. DAC will file such annual financial information and such notices with the Municipal Securities Rulemaking Board (the "MSRB"), which operates the Electronic Municipal Markets Access ("EMMA") system for municipal securities disclosures. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement are set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The sole remedy for a breach or default under the Continuing Disclosure Agreement is an action to compel specific performance of the parties' obligations under the Continuing Disclosure Agreement. A breach or default under the Continuing Disclosure Agreement shall not constitute a default on the Bonds, an Event of Default under the Indenture, or a default under any other document relating to the Bonds.

**Compliance with Prior Undertakings**

Pursuant to the Rule, the Department of Administration accepted the responsibility of satisfying the continuing disclosure undertakings for general obligation bonds issued by the State and certain revenue bonds and other obligations issued by State agencies, commissions and authorities on behalf of the State. During the previous five years, the Department of Administration has entered into, or been subject to, continuing disclosure undertakings pursuant to the Rule with respect to: (i) twenty-one series of the State's infrastructure general obligation bonds or general obligation state road bonds (collectively, the "State General Obligation Bonds"); (ii)
four series of surface transportation improvements special obligation notes issued by the West Virginia Commissioner of Highways (collectively, the "Highway Bonds"); (iii) one series of lottery revenue bonds issued by the State Building Commission (the "Building Commission Bonds"); (iv) two series of tobacco settlement asset-backed bonds issued by the Tobacco Settlement Finance Authority (collectively, the "Tobacco Authority Bonds"); (v) twenty series of lease and/or lottery revenue bonds and/or excess lottery bonds issued by the West Virginia Economic Development Authority (collectively, the "WVEDA Bonds"); (vi) one series of lease revenue bonds issued by the West Virginia Hospital Finance Authority (the "Hospital Finance Authority Bonds"); (vii) fifteen series of capital improvement, lottery revenue or excess lottery revenue bonds issued by the West Virginia School Building Authority (collectively, the "School Building Authority Bonds"); (viii) one series of revenue bonds issued by the Commission (the "HEPC Bonds"); (ix) one series of excess lottery revenue bonds issued by the West Virginia Water Development Authority; and (x) four series of bonds issued by other state authorities and building commissions consisting of the State Building Commission, the Charleston Urban Renewal Authority, the Raleigh Building Commission, and the Charleston Building Commission (the "Other Commission Bonds").

Under such continuing disclosure undertakings, the Department of Administration is required, among other things, to file with EMMA:

(1) for one series of the SBA Bonds and one series of the WVEDA Bonds, unaudited interim financial statements for the State within 90 days of its fiscal year end;

(2) for all of the State General Obligation Bonds, the Hospital Finance Authority Bonds and the Other Commission Bonds, nearly all of the WVEDA Bonds and five series of the School Building Authority Bonds, the State's annual audited financial statements within two hundred seventy days (270) days of its fiscal year end or, in at least one instance with respect to one series of the WVEDA Bonds, as described in more detail on the following page, a discrepancy in the continuing disclosure undertaking results in an ambiguity as to whether the State's annual audited financial statements are due within one hundred eighty (180) days or two hundred seventy (270) days of its fiscal year end, and with respect to some of these bonds, the State's unaudited financial statements if the audited financial statements are not available;

(3) for one series of the WVEDA Bonds and one series of the School Building Authority Bonds, unaudited interim financial statements for the State within ninety (90) days of its fiscal year end;

(4) for the Building Commission Bonds, the Hospital Finance Authority Bonds, the HEPC Bonds and some series of both the WVEDA Bonds and the School Building Authority Bonds, the West Virginia Lottery's annual audited financial statements, if available, within two hundred seventy (270) days of its fiscal year end and if not available, then the West Virginia Lottery's unaudited financial statements, and for some of these bonds, the West Virginia Lottery's annual unaudited general purpose financial statements within ninety (90) days of its fiscal year end;

(5) for the Highway Bonds, the annual audited financial statements of the West Virginia Department of Transportation, Division of Highways within either one hundred eighty (180) days or two hundred seventy (270) days of its fiscal year, or with respect to one series of the Highway Bonds, by no later than March 31 of the calendar year following the end of its fiscal year, and if not available, then its unaudited financial statements, and its unaudited financial statements within ninety (90) days of its fiscal year end;

(6) for the Tobacco Authority Bonds and some of the School Building Authority Bonds, the respective issuer's annual audited financial statements within three hundred (300) days and two hundred seventy (270) days, respectively, of its fiscal year end;

(7) for the Tobacco Authority Bonds, the HEPC Bonds and certain series of both the WVEDA Bonds and the School Building Authority Bonds, certain operating data relating to the State and/or the West Virginia
Lottery and/or the respective issuer within either one hundred eighty (180) days, two hundred seventy (270) days or three hundred (300) days of the issuer's fiscal year end;

(8) in some instances with respect to the foregoing bonds, notice on a timely basis of any failure by the Department of Administration to file the required annual financial information on time; and

(9) notice of the occurrence of certain enumerated events on a timely basis, as described in the various continuing disclosure undertakings of the Department of Administration.

There have been instances in the previous five years in which the Department of Administration has failed to comply in all material respects with the requirements of its continuing disclosure undertakings, as summarized below:

(1) **Filing of State Annual Audited Financial Statements.** The Department of Administration failed to file the State's 2013, 2014, 2015 and 2016 annual audited financial statements on a timely basis with respect to its undertakings for all applicable bonds. With respect to all of its undertakings, the Department of Administration filed the State's 2013 audited financial statements on May 1, 2014, the State's 2014 audited financial statements on April 9, 2015, the State's 2015 audited financial statements on May 17, 2016 and the State's 2016 audited financial statements on May 10, 2017. Additionally, in connection with one series of the Other Commission Bonds issued by the Charleston Building Commission, the Department of Administration failed to timely file the State's annual audited financial statements for the past five fiscal years. The Department of Administration did not file a notice of its failure to provide the required 2013 annual financial information by the date required by some of its undertakings. Subsequent to the various requirements to file the State's 2013 annual financial information, the Department of Administration requested that DAC post to EMMA a failure to timely file the State's 2013 annual financial information on January 21, 2015 and February 20, 2015.

On March 27, 2015, DAC, on behalf of the Department of Administration, timely filed a notice of the Department of Administration's failure to file on a timely basis the State's 2014 annual financial information. On April 9, 2015, the Department of Administration filed its 2014 annual financial information on EMMA.

On March 24, 2016, DAC, on behalf of the Department of Administration, timely filed a notice of the Department of Administration's failure to file on a timely basis the State's 2015 annual financial information or annual financial information. The notice states that the State encountered unexpected complications in compiling the State's CAFR associated with a new accounting system. In July 2014, all West Virginia State agencies converted from a mainframe-based accounting system to an Enterprise Resource Planning system. This was a sweeping change, affecting accounting functions throughout State government. While the benefits of the new system, such as better accounting information for managers and system users, are valuable, the system has also presented the State with significant start-up challenges. On May 17, 2016, the Department of Administration filed its 2015 annual financial information on EMMA.

On March 27, 2017, DAC, on behalf of the Department of Administration, timely filed a notice of the Department of Administration's failure to file on a timely basis the State's 2016 annual financial information or annual financial information. The notice states that the State encountered complications in compiling the State's CAFR because a number of the State's agencies fiscal year 2016 audits were delayed due to updates required by Governmental Accounting Standard Board's Statement No. 68. On May 10, 2017, the Department of Administration filed its 2016 annual financial information on EMMA.

There is at least one continuing disclosure undertaking for a series of WVEDA Bonds that contains a discrepancy as to the date by which the Department of Administration is required to file the State's annual audited financial statements. One provision of the undertaking requires that Department of Administration to file the State's annual audited financial statements within 180 days of its fiscal year end, while another provision of the undertaking requires that the Department of Administration file the State's annual audited financial statements within 270 days of its fiscal year end. The State's annual audited financial statements must be submitted and
approved by the State Legislature after it convenes in January or February of each year and therefore, due to
timing, the State's annual audited financial statements are not available for disclosure within 180 days of its fiscal
year end. With the exception of the 2013, the 2014, the 2015, and the 2016 annual audited financial statements,
the Department of Administration has filed the State's annual audited financial statements within 270 days of the
State's fiscal year end.

In connection with the series of WVEDA Bonds described above, specifically designated as the West
Virginia Economic Development Authority Lease Revenue Refunding Bonds (Correctional, Juvenile and Public
Safety Facilities), 2011 Series A, on December 22, 2015, DAC, on behalf of the Department of Administration,
timely filed a notice of the Department of Administration's failure to file on a timely basis the State's 2015 annual
financial information within 180 days of the State's fiscal year end.

(2) Filing of State Annual Unaudited Financial Statements. Although some of the continuing
disclosure undertakings to which the Department of Administration is a party require the submission of annual
unaudited financial statements of the State, either if the annual audited financial statements are not available
within two hundred seventy (270) days, or for some series of the applicable bonds, within ninety (90) days of
the State's fiscal year end, the State does not produce annual unaudited financial statements, and therefore, such
financial information is not available for disclosure.

On September 28, 2015, DAC, on behalf of the Department of Administration, timely filed a notice of
the Department of Administration's failure to file on a timely basis the State's unaudited financial statements for
the fiscal year ended June 30, 2015, as required by certain of its undertakings.

On September 21, 2016, DAC, on behalf of the Department of Administration, timely filed a notice of
the Department of Administration's failure to file on a timely basis the State's unaudited financial statements for
the fiscal year ended June 30, 2016, as required by certain of its undertakings.

(3) Filing of Lottery Annual Audited Financial Statements. With respect to its undertakings for
three series of School Building Authority Bonds, four series of WVEDA Bonds, the Building Commission
Bonds, the Hospital Finance Authority Bonds and the HEPC Bonds, the Department of Administration failed to
timely file some or all of the West Virginia Lottery's audited financial statements for the fiscal years ended 2012
and 2013, although the Department of Administration did timely file the West Virginia Lottery's audited financial
statements for the fiscal years 2012 and 2013 with respect to some of its undertakings and the failure to do so
with respect to all of these series of bonds was the result of the Department of Administration's inadvertent
failure to link the financial statements to all relevant series of bonds.

(4) Filing of Lottery Annual Unaudited General Purpose Financial Statements. The Department
of Administration failed to file on a timely basis the West Virginia Lottery's annual unaudited general purpose
financial statements for some or all of the fiscal years 2012 and 2013 in connection with its undertakings for
some series of the School Building Authority Bonds and the West Virginia Lottery's annual unaudited general
purpose financial statements for fiscal years 2012 and 2013 with respect to the HEPC Bonds. In connection with
these failures, the Department of Administration filed the West Virginia Lottery's annual unaudited general
purpose financial statements for fiscal years 2012 and 2013 on May 12, 2014 for the bonds for which such
financial information had not been previously provided.

(5) Filing of Audited and/or Unaudited Financial Statements of the Department of Transportation,
Division of Highways, the Tobacco Settlement Authority and the School Building Authority of West Virginia.
With respect to its undertakings for the Highway Bonds, the Department of Administration (i) failed to file on a
timely basis the annual audited financial statements of the Department of Transportation, Division of Highways
for fiscal years 2013, 2014, and 2015, and (ii) failed to file the unaudited financial statements of the Department
of Transportation, Division of Highways for any of the past five (5) fiscal years. The Department of
Administration filed the Department of Transportation, Division of Highways annual audited financial
statements for fiscal year 2013 on July 7, 2014, for fiscal year 2012 on August 29, 2014, and for fiscal year 2014
on March 11, 2015. The annual audited financial statements for fiscal year 2015 will not be filed due to the maturity of the bonds on September 1, 2015.

On September 28, 2015, DAC, on behalf of the Department of Administration, timely filed a notice of the Department of Administration's failure to file on a timely basis the Division of Highways' unaudited financial statements for the fiscal year ended June 30, 2015, as required by certain of its undertakings.

In connection with its undertakings for the Tobacco Settlement Bonds, the Department of Administration failed to file on a timely basis the annual audited financial statements of the Tobacco Settlement Finance Authority for fiscal year 2013. The Department of Administration filed the fiscal year 2013 annual audited financial statements of the Tobacco Settlement Finance Authority on May 1, 2014. With respect to its undertakings for some series of the School Building Authority Bonds, the Department of Administration failed to file on a timely basis the annual audited financial statements of the School Building Authority for some of the past five fiscal years. The Department of Administration filed the annual audited financial statements of the School Building Authority for the 2010 through 2013 fiscal years on November 13, 2014.

(6) **Operating Data.** The Department of Administration failed to file certain operating data as required by its undertakings for six series of the School Building Authority Bonds, the Tobacco Settlement Bonds, one series of the WVEDA Bonds and the HEPC Bonds. While the State's annual audited financial statements and/or the West Virginia Lottery's annual audited financial statements or annual unaudited general purpose financial statements may have contained some of the operating data required by some of these undertakings, this financial information did not contain all of the required operating data.

With respect to the Tobacco Settlement Bonds, the Department of Administration filed the historical operating data for fiscal years 2012 through 2014 on EMMA on April 24, 2015.

(7) **Notice Events.** The Department of Administration failed to file certain material event notices relating to ratings recalibrations or ratings changes with respect to certain of the bonds described above.

To ensure full compliance in the future with all of its continuing disclosure undertakings, the Department of Administration has undertaken a detailed review of all of its continuing disclosure obligations related to the State's public bond issues. Additionally, the Department of Administration adopted written continuing disclosure compliance policies and procedures on November 21, 2014, designating the Director of Finance, the General Counsel and the Director of the Financial and Reporting Section of the Department of Administration with the responsibility for ensuring timely and complete filings are made with EMMA. Additionally, the Department of Administration has designated DAC as its Dissemination Agent to best ensure that annual financial information, operating data and notices of the occurrence of certain enumerated events with respect to outstanding bonds subject to the Department of Administration's prior continuing disclosure undertakings, as well as with respect to the Bonds, are completed and filed on a timely basis.

**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 with the owners of the Series 2017 Bonds.

**WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION**

By ________________________________

Chancellor

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APPENDIX A

PROJECTS*

*THIS LIST IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. OTHER PROJECTS MAY BE SUBSTITUTED FOR ONE OR MORE OF THE PROJECTS LISTED ABOVE WITHOUT NOTICE TO OR APPROVAL OF THE OWNERS OF THE SERIES 2017 BONDS.
APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2017 Bonds. The Series 2017 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 2017 Bond certificate will be issued for each maturity of the Series 2017 Bonds and in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 bond 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 AA+ rating from S&P. 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.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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.

Redemption and other notices shall be sent to DTC. If less than all Series 2017 Bonds of a maturity and series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2017 Bonds to be redeemed.
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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission 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 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Series 2017 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 corresponding detail information from the Commission or the Trustee, on the 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, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Series 2017 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, 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.

THE COMMISSION AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTE FOR SUCH DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE COMMISSION'S OBLIGATION UNDER THE INDENTURE TO THE EXTENT OF SUCH PAYMENTS.


In the event that either (a) the Commission receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2017 Bonds or (b) the Commission elects to discontinue its use of DTC as a clearing agency for the Series 2017 Bonds, then the Commission will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2017 Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2017 Bonds and to transfer the ownership of each of the Series 2017 Bonds to such person or persons, including any clearing agency, as provided in the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2017 Bonds, will be paid by the Commission.

According to DTC, the foregoing information with respect to DTC has been provided to the industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from DTC. The Commission, the State and the Underwriter take no responsibility for the accuracy thereof.