TRANSCRIPT LIST

$2,225,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds")

and

$55,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds")

Date of Closing: February 25, 2010

A. BASIC DOCUMENTS

1. Ordinance of the Charleston Building Commission (the "Issuer") duly passed on January 15, 2010

   A. Resolution of the Issuer duly adopted on February 16, supplementing the aforesaid Ordinance (together, the "Ordinance")

   B. Certificate of Determination of the Issuer dated February 18, 2010

2. Bond Purchase Agreement, dated February 18, 2010, between the Issuer and Crews & Associates, Inc. (the "Underwriter"), and approved by The City of Charleston, West Virginia (the "City")

3. Bond Trust Indenture, dated as of February 1, 2010 ("Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee")

4. Agreement and Lease dated as of January 1, 2010 ("Lease") between the Issuer, as lessor, and Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), as lessee

5. Equipment Lease dated as of June 1, 1999 (the "Original Sublease"), between the Corporation, as sublessor, and the City, as sub-lessee

A. First Amendment to Equipment Lease, dated as of February 1, 2010 (the "First Amendment" and, together with the Original Sublease, the "Sublease")

6. Tax and No Arbitrage Certificate, dated February 25, 2010, from the Issuer, the City and the Corporation, relating to the Series A Bonds

7. Financing Statement

8. Specimen Bond

A. Series A

B. Series B

B. DOCUMENTS FURNISHED BY THE ISSUER

9. Minutes of City Council of Charleston for Meeting Creating Issuer

10. Resolutions of City Council Appointing Members of Issuer

11. Oaths of Office of Members of Issuer

12. Issuer's By-Laws

13. Minutes of Meetings Approving Ordinance

14. Notice of Public Hearing and Affidavit of Publication Thereof

15. General Certificate of Issuer

16. Direction to Authenticate and Deliver Bonds

17. IRS Form 8038

C. DOCUMENTS FURNISHED BY THE CORPORATION

18. General Certificate of the Corporation

A. Resolution of the Executive Committee of Board of Directors

B. Bylaws

C. Evidence of Tax-Exempt Status

19. West Virginia Secretary of State

A. Certified Articles of Incorporation

B. Certificate of Existence

D. DOCUMENTS FURNISHED BY THE CITY

20. Ordinance Authorizing the Lease and Sublease

21. Mayor's Approval of Series A Bonds

22. Continuing Disclosure Certificate

E. OFFERING DOCUMENTS

23. Preliminary Official Statement

24. Official Statement

25. Rule 15c2-12 Certificate

F. DOCUMENTS FURNISHED BY THE TRUSTEE AND ESCROW TRUSTEE

26. Certificate of Trustee and Escrow Agent

G. REFUNDING AND REDEMPTION DOCUMENTS

27. Notice to trustee for 1999 Bonds regarding redemption

28. Escrow Agreement

29. Notice to 1999 Bondholders regarding redemption

30. Releases

A. 1999 Lease-Purchase Contract

B. 1999 Bond Indenture and Security Agreement

H. LEGAL OPINIONS

31. Bond Counsel Opinion of Jackson Kelly PLLC, Bond Counsel

32. Reliance Opinion of Bond Counsel

33. Original Issue Discount Opinion of Bond Counsel

34. Supplemental Opinion of Bond Counsel

35. Opinion of Steven F. White, Counsel to the Issuer

36. Opinion of Steptoe & Johnson, PLLC, Counsel to the Underwriter

37. Opinion of Paul Ellis, Counsel to the City

I. MISCELLANEOUS

38. Cross Receipt for Bonds and Bond Proceeds

39. Letter of Representations to the Depository Trust Company

40. Certified copies of the Act (as defined in the Indenture)

41. Underwriter's Certificate

42. CPA Certificate

43. Closing Memorandum

The Pre-Closing of the sale of $2,225,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project) Series 2010A (Tax-Exempt – Bank Qualified) and $55,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), will take place at the offices of Jackson Kelly PLLC, 500 Lee Street East, Suite 1600, Charleston, West Virginia 25301, at 1:00 p.m. Eastern Time, on February 24, 2010. The Closing will occur on February 25, 2010. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document which references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

$2,225,000
Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds")

and

$55,000
Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable) (the "Series B Bonds" and,
together with the Series A Bonds, the "Bonds")

February 24, 2010

Pre-Closing Attendance List

Name	Association	Telephone	Fax	E-Mail
Greg Isaacs	Crews & Associates, Inc	304-344-1733	304-344-1812	gisaacs@crewsfs.com
Sammie Cree	Jackson Kelly PLLC	304 340 1318	304 340 1272	Scree@jacksonkelly.com
Steve White	Steven F White PLLC	304 720-1400		WUSTEVEWHITE@YAHOO.COM
ANTHONY CALDWELL	STEPTOE & JOHNSON PLLC	304 353-8169	304 353-8181	anthony.caldwell@steptoe-johnson.com

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS, SERIES 2009
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)

BOND AUTHORIZING ORDINANCE OF THE
CHARLESTON BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINICPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), the City Council of The City of Charleston, West Virginia (the "City"), enacted an ordinance on May 19, 1980, creating the Charleston Building

Commission, a public corporation with perpetual existence and a municipal building commission within the meaning of the Enabling Act (the "Issuer");

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the City Council of the City may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee, the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for the Clay Center for the Arts and Sciences of West Virginia (the "Equipment"), which Equipment is currently owned by the Issuer, leased to the Center for Arts and Sciences of West Virginia, Inc., now Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to a Contract of Lease-Purchase dated as of June 1, 1999, and subleased by the Corporation to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease");

WHEREAS, the Series 1999 Bonds are outstanding on the date hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded");

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2A of the Code of West Virginia of 1931, as amended (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor or which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2009C, in an aggregate principal amount not to exceed $2,450,000 (the "Series C Bonds"), and its Lease-Revenue Refunding Bonds (Center for Arts and

Sciences of West Virginia Project), Series 2009D (Taxable), in an aggregate principal amount not to exceed $150,000 (the "Series D Bonds"; the Series C Bonds and the Series D Bonds are hereinafter referred to together as the "Bonds"), under the Act, this Ordinance, as supplemented by a resolution or resolutions to be adopted on or after the effective date hereof (whether one or more, the "Supplemental Resolution"), and a Bond Trust Indenture to be dated as of December 1, 2009 (the "Indenture"), between the Issuer and a trustee to be named by the Supplemental Resolution, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the City desires to lease the Equipment from the Corporation, and the Issuer is willing to lease the Equipment to the Corporation and to authorize the current refunding and redemption of the Bonds To Be Refunded pursuant to the terms of a Lease and Agreement to be dated as of December 1, 2009, between the Issuer and the Corporation (the "Lease"), and an amendment to or restatement of the 1999 Sublease or a new Equipment Sublease to be dated as of December 1, 2009 (whether the 1999 Sublease as amended or restated or a new sublease, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer pursuant to a bond purchase agreement (the "Purchase Contract") to be approved by or pursuant to the Supplemental Resolution;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under the Indenture and the pledges thereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under the Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council; and

WHEREAS, forms of the Indenture and the Lease have been presented to the Issuer;

NOW, THEREFORE, BE IT ORDAINED BY THE CHARLESTON BUILDING COMMISSION AS FOLLOWS:

Section 1. This Ordinance is adopted and enacted pursuant to and in accordance with the provisions of the Act and other applicable provisions of law. It is hereby found and determined that the Bonds shall be issued as hereinafter described, that the financing of the current refunding and redemption of the Bonds To Be Refunded through the issuance of the Bonds, the security interest, collateral assignment and other security granted therefor, the Lease to the Corporation and the Sublease from the Corporation to the City promote the purposes of the Act and that the issuance of the Bonds, the current refunding and redemption of the Bonds To Be Refunded,

the security interest, collateral assignment and other security granted therefor, the Lease to the Corporation and the Sublease from the Corporation to the City are authorized and approved.

Section 2. To accomplish the purposes of the Act and to provide for the current refunding and redemption of the Bonds To Be Refunded, the issuance of the Series C Bonds in an aggregate principal amount of not to exceed $2,450,000 and the issuance of the Series D Bonds in an aggregate principal amount of not to exceed $150,000 are hereby authorized, approved and directed. The Bonds shall be dated as of the date of authentication and delivery thereof and shall bear interest payable at such times and at such rates, shall mature on such dates and in such principal amounts, shall have such provisions for redemption and shall have such other provisions as shall be approved by or pursuant to the Supplemental Resolution or set forth in the Indenture, and shall be sold to the Underwriter pursuant to the Purchase Contract as approved by or pursuant to the Supplemental Resolution.

Section 3. The Bonds, together with the interest thereon and other costs incidental thereto, shall be secured solely by the pledges effected by the Indenture, including the security interest in the Equipment and the collateral assignment of the Lease and the rentals thereunder. The Bonds, together with the interest thereon and other costs incidental thereto, shall not be deemed to be and shall not constitute an indebtedness of the Issuer, but shall be special and limited obligations of the Issuer, payable solely from the revenues, properties and funds pledged under the Indenture and the Lease. Neither the Bonds nor the interest thereon, nor any other costs or charge in connection therewith, shall be a charge against or pledge of the property, faith and credit or taxing power, if any, of the State of West Virginia, the Issuer or the City, except as to such property expressly provided therefor in the Indenture, nor shall the same ever constitute an indebtedness of the State of West Virginia, the Issuer or the City within the meaning of any constitutional provision or statutory limitation or constitute or give rise to a pecuniary liability of the State of West Virginia, the Issuer or the City. No recourse shall be had for the payment of the principal of or interest on the Bonds against any official or member of the Issuer. The owners of the Bonds shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bonds, but the Bonds shall be payable solely from the revenues, properties and funds pledged therefor under the Indenture.

The Issuer hereby and in the Indenture pledges the revenues and receipts derived from the Lease to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent provided in the Indenture, but nothing in the Bonds or the Indenture otherwise shall be considered to, or shall, pledge any other funds or assets of the Issuer or the City, except such property as is particularly set forth in the Indenture.

Section 4. The Lease, substantially in the form submitted to this meeting and made a part of this Ordinance as though set forth in full herein, shall be and the same is hereby approved. The Chairman or Vice-Chairman and the Secretary of the Issuer are hereby authorized and directed to execute, acknowledge, if necessary, and deliver the Lease, with such changes,

insertions, variations and omissions as may be approved by the Chairman, and the Secretary is hereby authorized and directed to affix the seal of the Issuer thereto and to attest such seal. The execution of the Lease by the Chairman or Vice-Chairman shall be conclusive evidence of the approval of such changes, insertions, variations and omissions.

Section 5. The Indenture, substantially in the form as submitted to this meeting and made a part of this Ordinance as though set forth in full herein, shall be and the same is hereby approved. The Chairman or Vice-Chairman and the Secretary of the Issuer are hereby authorized and directed to execute, acknowledge, if necessary, and deliver the Indenture with such changes, insertions, variations and omissions as may be approved by the Chairman, and the Secretary is hereby authorized and directed to affix the seal of the Issuer thereto and to attest such seal. The execution of the Indenture by the Chairman or Vice-Chairman shall be conclusive evidence of the approval of such changes, insertions, variations and omissions.

Section 6. Jackson Kelly PLLC is hereby appointed as bond counsel for the Bonds. The Bank of New York Mellon is hereby appointed as Trustee, Paying Agent and Registrar for the Bonds and as Escrow Agent for the Bonds To Be Refunded.

Section 7. The Bonds shall be issued in certificate form and delivered to the Underwriter in accordance with the provisions of the Indenture. The Chairman and Secretary of the Issuer shall execute the Bonds as necessary and affix, imprint or otherwise reproduce the official seal of the Issuer thereto, and the Bonds shall contain a recital to the effect that the Bonds are issued pursuant to the Act.

Section 8. The Bonds shall be sold to the Underwriter pursuant to the Purchase Contract and shall be marketed pursuant to a Preliminary Official Statement and an Official Statement, all as shall be approved by or pursuant to the Supplemental Resolution.

Section 9. The Chairman or Vice-Chairman and Secretary and any other proper officers and employees of the Issuer, together with all other members and employees thereof, are hereby authorized and directed to execute, acknowledge, if necessary, and deliver any and all papers, documents, agreements, certificates and instruments, including but not limited to an Escrow Agreement and a Tax Certificate, to affix the seal of the Issuer and attest the same for and on behalf of the Issuer and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Act, this Ordinance, the Indenture, the Lease, the Sublease, the Purchase Contract or any thereof.

Section 10. All covenants, stipulations, obligations and agreements of the Issuer contained herein and contained in the Indenture and the Lease shall be deemed to be the special and limited covenants, stipulations, obligations and agreements of the Issuer to the full extent permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Issuer and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in

accordance with law. Except as otherwise provided herein, all rights, powers and privileges conferred and duties and liabilities imposed upon the Issuer or the officials thereof by the provisions hereof and by the Indenture and the Lease shall be exercised or performed by the Issuer or by such officers, board or body as may be required or permitted by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the Indenture or the Lease shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, agent or employee of the Issuer in his or her individual capacity, and neither the members of the Issuer nor any officer executing the Bonds shall be subject to any personal liability or accountability by reason of the issuance of the Bonds. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 11. The laws of the State of West Virginia shall govern the construction of this Ordinance and the issuance of the Bonds.

Section 12. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 13. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 14. Upon adoption of this Ordinance, and prior to when this Ordinance shall become effective, the Secretary is hereby authorized and directed to have an abstract of this Ordinance, in substantially the form attached as Exhibit A hereto, which abstract has been and is hereby determined by the Issuer to contain sufficient information as to give notice of the contents of this Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 14 days before, and the second publication also being before, the date set for the public hearing, in the Charleston Gazette, a newspaper published and having a general circulation in the City of Charleston, together with a notice to all persons concerned, stating that this Ordinance has been passed and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that all parties and interested persons may appear before the Issuer at the public hearing to be held at a public meeting of the Issuer at such time and on such date as the Issuer shall determine, in the office of the Issuer and be heard as to whether this Ordinance shall be put into effect, and that a certified copy of this Ordinance is on file in the office of the Issuer for review by interested persons during the office hours of the Issuer. At such hearing all objections and suggestions shall be heard and the Issuer shall then take such action as it shall deem proper in the premises.

Section 15. The Issuer hereby designates the Series C Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3)(D) of the Internal Revenue Code, as amended.

Section 16. Anything to the contrary in this Ordinance notwithstanding, if the Bonds are not issued in calendar year 2009, all references in this Ordinance to "December 1, 2009" shall be read as "January 1, 2010"; all references in this Ordinance to "Series 2009C" and "Series 2009D" shall be read as "Series 2010A" and "Series 2010B," respectively, and the designation set forth in Section 15, above, shall be deemed made for the calendar year 2010.

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

First Reading:	November 18, 2009
Passed:	January 15, 2010
Effective following Public Hearing:	February 16, 2010

R. Brawley Fray
Chairman

[SEAL]

ATTEST:

Patricia H. Brownrigg
Secretary

CERTIFICATION

The undersigned, being the duly qualified, appointed or elected, as applicable, and acting Secretary of the Charleston Building Commission, does hereby certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted and enacted by the Charleston Building Commission, at special meetings thereof, duly held on November 18 , 2009 (first reading), on January 15, 2010 (second reading and passage), and on February 16, 2010 (public hearing), pursuant to proper notice, at which meetings quorums were present and acting throughout, and which Ordinance was put into effect following a public hearing thereon, notice of which public hearing was published in a newspaper having a general circulation in the City of Charleston, West Virginia, the first publication having been not less than 10 days prior to such public hearing and the second publication having been prior to such public hearing.

Dated this 25th day of February 2010.

[SEAL]

Secretary

Exhibit A

CHARLESTON BUILDING COMMISSION NOTICE OF PUBLIC HEARING
ON LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
SERIES 2009

Pursuant to Section 8-16-7 of the Code of West Virginia of 1931, as amended, and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), a public hearing will be held by the Charleston Building Commission on the following entitled Ordinance and on the question of whether there should be approved the issuance of Bonds by the Charleston Building Commission in an amount not to exceed $2,450,000 for the purpose of financing, together with other available funds, the cost of current refunding and redemption of the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, outstanding on the date hereof in the aggregate principal amount of $2,175,000, together with a series of taxable Bonds in an amount not to exceed $150,000 for the purpose of paying costs incurred in connection with the issuance of the Bonds and such refunding and redemption. The hearing will be held at a special meeting of the Charleston Building Commission to be held at _____, on _____, 2009, in its office at 815 Quarrier Street, Suite 244, Charleston, West Virginia. At such hearing all parties and interested persons may attend and appear before the Building Commission and be heard (orally or in writing) as to whether the Ordinance shall be put into effect and the Bonds shall be issued and to express their views on the proposed issuance of Bonds, and at such hearing all objections and suggestions shall also be heard and the Building Commission shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

> ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINICPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA,

INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF

The above-entitled Ordinance was passed by the Charleston Building Commission on _____, 2009. The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the bond issue contemplated thereby. The proceeds of the Bonds will be used, together with other available funds, to currently refund and redeem all the outstanding Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"). The proceeds of the 1999 Bonds were used to finance the acquisition and installation of certain equipment, including but not limited to exterior fence, performance equipment, acoustical curtains, theatre seats, film projector and other furnishings (the "Equipment"), for the Clay Center for the Arts and Sciences (the "Clay Center"). The Equipment will be leased by the Building Commission to the Corporation described below, which will in turn sublease it to The City of Charleston (the "City") for use at the Clay Center. The Clay Center, which is the location of the Equipment being refinanced with the proceeds of the Bonds, is located at One Clay Square, being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street and on the East by Leon Sullivan Way. The Clay Center is owned and operated by Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), which is a West Virginia 501(c)(3) nonprofit corporation. The rentals to be paid by the City under the sublease and, in turn, by the Corporation under the lease will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, and the sublease will be subject to annual termination by the City. The Bonds are payable solely from revenues and rentals to be derived from the lease and other funds and property pledged under a Bond Trust Indenture from the Issuer. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Charleston Building Commission, 815 Quarrier Street, Suite 244, Charleston, West Virginia, for review by interested persons during regular office hours.

Dated _____, 2009

CHARLESTON BUILDING COMMISSION

By _____
Secretary

SUPPLEMENTAL RESOLUTION
OF THE CHARLESTON BUILDING COMMISSION

WHEREAS, the Charleston Building Commission (the "Commission") on January 15, 2010, adopted an ordinance (the "Ordinance") entitled as follows:

> ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINICPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF

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

WHEREAS, as required by the Ordinance, an abstract of the Ordinance, together with a notice of public hearing (the "Notice"), was published as a Class II legal advertisement in the Charleston Gazette on February 2 and February 9, 2010, and an affidavit of such publication shall be attached as Exhibit A hereto; 2

WHEREAS, in accordance with the Notice, a public hearing was held on the date hereof, and all interested persons, if any, appeared before the Commission to be

heard as to whether the Bonds authorized by the Ordinance should be issued, the refunding and redemption of directed by the Ordinance should be undertaken and the Ordinance should be put into effect, and all such protests, objections and suggestions, if any, were heard;

WHEREAS, the Ordinance provides that the Bonds shall bear interest payable at such times and at such rates, shall mature on such dates and in such principal amounts, shall have such provisions for redemption and shall have such other provisions as shall be approved pursuant to a Supplemental Resolution; and

WHEREAS, the Commission deems it in the best interests of the Commission to delegate certain responsibilities in connection with the issuance and sale of the Bonds and the refunding of the Bonds To Be Refunded to the Chairman, Vice Chairman and Secretary of the Issuer (each, an "Authorized Officer"), who shall have the power and authority to execute and deliver at the request of the City a certificate determining and setting forth the final terms and provisions of the Bonds and the Purchase Contract (defined below) within the parameters set forth in this Supplemental Resolution (the "Certificate of Determination").

NOW, THEREFORE, BE IT RESOLVED BY THE CHARLESTON BUILDING COMMISSION AS FOLLOWS:

1. No protests, objections or suggestions were heard by the Commission at the public hearing that would make it necessary or desirable not to put the Ordinance into effect. Accordingly, the Ordinance shall be put into effect immediately, as of the date hereof.

2. As provided by Section 16 of the Ordinance, the Bonds shall be designated as Series 2010A and Series 2010B, respectively. The documents described in the Ordinance as being dated as of December 1, 2009, or, pursuant to such Section 16, January 1, 2010, shall be dated as of February 1, 2010, or such later date as may be set forth in the Certificate of Determination described below.

3. The definition of "Refunding Act" in the fifth preamble of the Ordinance is hereby amended and restated to read as Chapter 13, Article 2E of the Code of West Virginia of 1931, as amended.

4. The Series 2010A Bonds shall be issued in the aggregate principal amount, not to exceed, $2,450,000, as shall be set forth in the Certificate of Determination. The Series 2010A Bonds shall bear interest payable on June 1 and December 1 of each year, beginning June 1, 2010, at such rates as shall be set forth in the Certificate of Determination; provided, that such rates shall be such as to cause the net interest rate on the Series 2010A Bonds to be not more than 7% and the net present value savings from the refunding of the Bonds To Be Refunded to be not less than 2.5%. The Series 2010A Bonds shall mature on June 1 in such years, not later than 2030, in such principal amounts as shall be set forth in the Certificate of Determination. The Series 2010A Bonds shall be subject to extraordinary redemption as described in the Indenture

and shall be subject to optional and mandatory sinking fund redemption as shall be set forth in the Certificate of Determination.

5. The Series 2010B Bonds shall be issued in the aggregate principal amount, not to exceed, $150,000, as shall be set forth in the Certificate of Determination. The Series 2010B Bonds shall bear interest payable on June 1 and December 1 of each year, beginning June 1, 2010, at such rates as shall be set forth in the Certificate of Determination; provided, that such rates shall be such as to cause the net interest rate on the Series 2010B Bonds to be not more than 9% and the net present value savings from the refunding of the Bonds To Be Refunded to be not less than 2.5%. The Series 2010B Bonds shall mature on June 1 in such years, not later than 2030, in such principal amounts as shall be set forth in the Certificate of Determination. The Series 2010B Bonds shall be subject to extraordinary redemption as described in the Indenture and shall be subject to optional and mandatory sinking fund redemption as shall be set forth in the Certificate of Determination.

6. The Bonds shall be sold to Crews & Associates, Inc. (the "Underwriter"), pursuant to a Bond Purchase Contract in substantially in the form submitted to this meeting (the "Purchase Contract"), which is hereby approved. The price paid for the Bonds shall be set forth in the Certificate of Determination; provided, that such price shall be such that the net present value savings from the refunding of the Bonds To Be Refunded is not less than 2.5%. The Chairman or Vice-Chairman of the Issuer is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions, variations and omissions as may be approved by the Chairman and consistent with the Certificate of Determination. The execution of the Purchase Contract by the Chairman or Vice-Chairman shall be conclusive evidence of the approval of such changes, insertions, variations and omissions.

7. The Commission hereby approves the Preliminary Official Statement in substantially the form presented to it, with such changes as may be approved by the Chairman or Vice-Chairman of the Issuer, and authorizes its distribution in connection with the marketing of the Bonds. The Chairman or Vice-Chairman is hereby authorized and directed to execute and deliver on behalf of the Commission a final Official Statement for the marketing of the Bonds, which final Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the Bonds and as the Chairman or Vice-Chairman of the Issuer executing the same may approve. The execution of the final Official Statement by the Chairman or Vice-Chairman of the Issuer shall be conclusive evidence of such approval.

8. The Bank of New York Mellon is hereby appointed as Trustee, Registrar and Paying Agent for the Bonds and as Escrow Agent for the Bonds To Be Refunded.

9. This Resolution shall take effect immediately upon adoption.

ADOPTED this 16th day of February 2010.

CHARLESTON BUILDING
COMMISSION

By: R. Brady Tracy
Chairman

{M0625382.1}

EXHIBIT A

AFFIDAVIT OF PUBLICATION

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS

LEGAL ADVERTISING INVOICE

INVOICE DATE	02/10/10
ACCOUNT NBR	038491106
SALES REP ID	0010
INVOICE NBR	639385001

BILLED TO
JACKSON & KELLY
150 CLAY STREET
MORGANTOWN WV 26507 USA

Please return this portion with your payment. AMOUNT PAID: _____

Make checks payable to: Charleston Newspapers

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
Classified 348-4848
1-800-WVA-NEWS
FEIN 55-0676079

INVOICE DATE	02/10/10
ACCOUNT NBR	038491106
SALES REP ID	0010
INVOICE NBR	639385001

Legal pricing is based upon 63 words per column inch.
Each successive insertion is discounted by 25% of the first insertion rate.
The Daily Mail rate is $.13 per word, the Charleston Gazette rate is $.14 per word, and the Metro Putnam rate is $.13 per word.

ISSUE DATE	AD TYPE	PUB	DESCRIPTION REFERENCE NBR PURCHASE ORDER #	AD NUMBER	AD SIZE TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
02/02	LEGF	GZ	Notice of public hea 639385001	0414248	2X1150 23.00	8.82	200.66	200.66
02/09	LEGR	GZ	Notice of public hea 639385002		2X1150 23.00	8.82	200.66	
			LEGAL DISCOUNT 25%				50.17-	150.49
			TOTAL INVOICE AMOUNT					351.15

State of West Virginia **AFFIDAVIT OF PUBLICATION**

I, Sandra Figg of

THE CHARLESTON GAZETTE,
do solemnly swear that the legal notice of:
Notice of public hearing
was duly published in said newspaper(s) at the stated price for the respective newspaper(s) and during the dates listed below:
02/02/10-02/09/10

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
253 FRAZIER WAY
SCOTT DEPOT, WV 25560
My commission expires December 11, 2016

Subscribed and sworn to before me this 11 day of February

Lynn R Fielder
Notary Public of Kanawha County, West Virginia

CHARLESTON BUILDING COMMISSION

NOTICE OF PUBLIC HEARING ON LEASE REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2010

Pursuant to Section 8-16-7 of the Code of West Virginia of 1931, as amended, and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), a public hearing will be held by the Charleston Building Commission on the following entitled Ordinance and on the question of whether there should be approved the issuance of Bonds by the Charleston Building Commission in an amount not to exceed $2,450,000 for the purpose of financing, together with other available funds, the cost of current refunding and redemption of the Charleston Building Commission Lease Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, outstanding on the date hereof in the aggregate principal amount of approximately $2,175,000, together with a series of taxable Bonds in an amount not to exceed $150,000 for the purpose of paying costs incurred in connection with the issuance of the Bonds and such refunding and redemption. The hearing will be held at a special meeting of the Charleston Building Commission to be held at 11:30 a.m., on Tuesday, February 16, 2010, in its office at 815 Quarrier Street, Suite 244, Charleston, West Virginia. At such hearing all parties and interested persons may attend and appear before the Building Commission (or be heard, orally or in writing) as to whether the Ordinance shall be put into effect and the Bonds shall be issued and to express their views on the proposed issuance of Bonds, and at such hearing all objections and suggestions shall also be heard and the Building Commission shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

"ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009, TO PROVIDE FUNDS TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT PURCHASED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AND SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF."

The above-entitled Ordinance was passed by the Charleston Building Commission on January 14, 2010. The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the bond issue contemplated thereby. Because the Bonds are being issued in 2010, rather than in 2009, the series designation referred to in the Ordinance title will be changed to Series 2010. The proceeds of the Bonds will be used, together with other available funds, to currently refund and redeem all the outstanding Charleston Building Commission Lease Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"). The proceeds of the 1999 Bonds were used to finance the acquisition and installation of certain equipment, including, but not limited to, performance equipment, acoustical curtains, theatre seats, film projector and other furnishings (the "Equipment") for the Clay Center for the Arts and Sciences (the "Clay Center"). The Equipment will be leased by the Building Commission to the corporation described below, which will in turn sublease it to the City of Charleston (the "City") for use at the Clay Center. The Equipment may ultimately be owned by the corporation (defined below). The Clay Center, which is the location of the Equipment being refinanced with the proceeds of the Bonds, is located on one City square, being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street and on the East by Leon Sullivan Way. The Clay Center is owned and operated by Clay Center for the Arts and Sciences of West Virginia, Inc. ("the Corporation"), which is a West Virginia 501(c)(3) nonprofit corporation. The rentals to be paid by the City under the sublease and, in turn, by the Corporation under the lease will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, and the sublease will be subject to annual termination by the City. The Bonds are payable solely from revenues and rentals to be derived from the lease and other funds and property pledged under a Bond Trust Indenture from the Issuer. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Charleston Building Commission, 815 Quarrier Street, Suite 244, Charleston, West Virginia, for review by interested persons during regular office hours.

Dated January 15, 2010

CHARLESTON BUILDING COMMISSION

By: Patrick H. Brown, Secretary

(41424B)

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)
AND
SERIES 2010B (TAXABLE)

CERTIFICATE OF DETERMINATION OF THE CHARLESTON BUILDING COMMISSION

The undersigned Authorized Officer of the Charleston Building Commission (the "Commission") executes and delivers this Certificate of Determination in accordance with the resolution duly adopted by the Commission on February 16, 2010 (the "Resolution"), which Resolution supplemented the Ordinance duly passed by the Commission on January 15, 2010, and effective upon adoption of the Resolution (together, the "Ordinance"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance or in the Bond Trust Indenture to be dated as of February 1, 2010, between the Commission and The Bank of New York Mellon, as bond trustee. Pursuant to the Ordinance, the Chairman hereby determines the following with respect to, among other things, the issuance and sale of the above-referenced bonds (respectively, the "2010A Bonds" and the "2010B Bonds" and, together, the "2010 Bonds"):

1. This Certificate of Determination is being executed and delivered contemporaneously with a Bond Purchase Agreement, dated the date hereof (the "Purchase Agreement"), between the Commission and Crews & Associates, Inc. (the "Underwriter"). This Certificate of Determination is being executed and delivered at the request of The City of Charleston, West Virginia (the "City"), as evidenced by the City's execution of the Purchase Agreement.

2. The 2010A Bonds will be issued in one series in the aggregate principal amount set forth in the Purchase Agreement, which principal amount is less than the $2,450,000 maximum principal amount authorized by the Ordinance. The 2010B Bonds will be issued in one series in the aggregate principal amount set forth in the Purchase Agreement, which principal amount is less than the $150,000 maximum principal amount authorized by the Ordinance.

3. The 2010 Bonds will bear interest at the respective rates set forth on Exhibit A attached to the Purchase Agreement and incorporated herein by reference. The net interest rate of the 2010A Bonds is less than the 7% maximum net interest rate authorized by the Ordinance, and the net interest rate of the 2010B Bonds is less than the 9% maximum net interest rate authorized by the Ordinance. The net present value savings from the refunding of the Bonds To Be Refunded is greater than the 2.5% minimum net present value savings required by the Ordinance.

4. The 2010 Bonds will mature on June 1 of the respective years and in the respective amounts set forth on Exhibit A attached to the Purchase Agreement and incorporated herein by reference. The final maturity of each series of the 2010 Bonds is not later than the latest maturity date of June 1, 2030, authorized by the Ordinance.

5. The 2010A Bonds will be subject to optional and mandatory sinking fund redemption as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

6. The 2010 Bonds will be sold to the Underwriter in accordance with the terms of the Purchase Agreement, at the respective purchase prices set forth in the Purchase Agreement. Considering such prices, the net present value savings from the refunding of the Bonds To Be Refunded is greater than the 2.5% minimum net present value savings required by the Ordinance.

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CHARLESTON BUILDING COMMISSION

By: R. Brandy Tracy
Authorized Officer

Dated: February 18, 2010

{M0626151.5}

EXHIBIT 1

Mandatory Sinking Fund Redemption

The 2010A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010A Bond so called for redemption plus interest accrued to the date fixed for redemption:

2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$130,000
2012	$130,000
2013 (Maturity)	$130,000

2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

The 2010B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010B Bond so called for redemption plus interest accrued to the date fixed for redemption:

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Optional Redemption

The Series 2010A Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

BOND PURCHASE AGREEMENT

Date: February 18, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

RE: $2,225,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for the Arts and Sciences of West Virginia Project) Series 2010A and the $55,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for the Arts and Sciences of West Virginia Project) Series 2010B

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter") offers to enter into the following agreement with the Charleston Building Commission (West Virginia) (the "Issuer"), as approved by the City of Charleston, West Virginia (the "City"), which, upon your acceptance of this offer, will be binding upon you and upon the Underwriter. Words and terms not otherwise defined herein shall have the same meanings as set forth in the Official Statement described in Section 3 hereof.

This offer is made subject to acceptance by the Issuer on or before February 18, 2010, at 7:00 p.m., New York, New York time.

1. Upon and subject to the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the $2,225,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for the Arts and Sciences of West Virginia Project) Series 2010A (the "Series 2010A Bonds") and the $55,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for the Arts and Sciences of West Virginia Project) Series 2010B (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Bonds") at an aggregate purchase price of $2,211,505.30 (which represents the aggregate principal amount of the Bonds, less a $11,494.70 original issue discount and less a $57,000.00 underwriting discount).

The Bonds are to be special obligations of the Issuer, issued pursuant to a Bond Ordinance duly enacted by the Issuer on January 15, 2010, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on February 16, 2010 (collectively, the "Ordinance"). The payment of the debt service of all of the Bonds are secured by a Bond Trust Indenture (the "Indenture") dated as of February 1, 2010, by and between the Issuer and The Bank of New York Mellon, West Paterson, New Jersey (the "Bond Trustee"). The Bonds are to be payable solely from revenues and properties pledged therefor under the Indenture and from other funds available thereunder, including all rights, interests and privileges of the Issuer in, to and under the Lease dated as of February 1, 2010 by and between the Issuer and the Corporation (the "Lease") and the Sublease dated as of June 1, 1999, as amended by a First Amendment dated as of February 1, 2010 by and between the Corporation and the City (the "Sublease").

The proceeds of the Bonds will be used to (i) to currently refund and redeem the entire outstanding principal balance and all accrued interest on the Issuer's Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds to be Refunded"); and (ii) pay certain costs of issuance of the Bonds and related costs.

2. The Bonds mature on the dates and in the amounts, and will bear interest at the rates, as set forth on Exhibit A hereto. The Bonds are to be subject to redemption at the times and prices set forth in the Certificate of Determinations.

3. Within seven business days of its acceptance hereof, the Issuer shall deliver to the Underwriter at the expense of the Issuer a sufficient number of copies of a final Official Statement of the Issuer of even date herewith, executed by the Issuer (the "Official Statement") to enable the Underwriter to provide an Official Statement with confirmation of the purchase of the Bonds and to otherwise provide copies of the Official Statement as required by Rule 15c2-12 under the Securities Exchange Act of 1934. The Official Statement shall be in substantially the same form as that of the Preliminary Official Statement of the Issuer dated February 16, 2010 (the "Preliminary Official Statement") previously distributed with respect to the Bonds. The Issuer hereby authorizes the use of the Official Statement and the information therein contained in connection with the public offering and sale of the Bonds.

The City and the Issuer hereby approves the forms of, and consents to, the Underwriter's use of the Preliminary Official Statement and the Official Statement, the Indenture, the Lease in connection with the offering and sale of the Bonds. The Official Statement is hereby deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, with such changes, omissions, insertions and revisions as the Chairman shall deem advisable, such signature to evidence approval thereof, and is hereby authorized.

4.I. In order to induce the Underwriter to enter into this Bond Purchase Agreement, by the City's approval hereof, the City hereto represents and warrants to, and agrees with the Underwriter that both at the time of acceptance hereof by the Issuer and at the time of Closing:

(a) the City is authorized to enter into the Lease with the Issuer, and the execution, delivery, receipt and due performance of the Lease complies with the Constitution and laws of the State of West Virginia.

(b) the City has enacted an ordinance approving the issuance of the Bonds by the Issuer, and the leasing of the Equipment from the Corporation pursuant to the Sublease.

(c) the City has agreed to duly authorize, execute and deliver the Tax Regulatory Agreement (defined below), Continuing Disclosure Certificate and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby.

(d) the information describing the City in the Official Statement, under the caption "THE CITY" and "APPENDIX B" as of the Closing Date (hereinafter defined), is true and does not contain any untrue statement of any material fact and does not omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

(e) to the best of the City's knowledge after reasonable inquiry, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or threatened against or affecting the City (or to the City's actual knowledge any basis therefor) wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby or the validity of the Bonds, the Sublease, this Bond Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(f) the financial statements of the City included in the Preliminary Official Statement and the Official Statement as Appendix A thereto present fairly the financial position of the City as of the respective dates set forth thereon and the results of its operations and the changes in its financial position for the years ending on such dates in conformity with generally accepted accounting principles applied on a consistent basis, except as disclosed in the financial statements;

(g) since June 30, 2009, no material and adverse change has occurred in the financial position or results of operations of the City;

(h) since June 30, 2009, the City has not incurred any material liabilities other than as disclosed in the Official Statement;

4.II. In order to induce the Underwriter to enter into this Bond Purchase Agreement, the Issuer hereby represents and warrants to the Underwriter that both at the time of acceptance hereof by the Issuer and at the time of Closing:

(a) the statements and information contained in the Official Statement under the heading "INTRODUCTION," "PLAN OF FINANCING," "SECURITY FOR SERIES 2010 BONDS," "RISK FACTORS," and "NO LITIGATION" are and will be true, correct and complete in all material respects and such statements and information do not and will not contain any untrue or misleading statement of a material fact or omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made or presented, not misleading in any material respect;

(b) the Issuer is and will be duly organized and validly existing under the laws of the State of West Virginia with the powers and authority set forth in Chapter 8, Article 33, Chapter 8, Article 16 and Chapter 13, Article 2A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), including the full legal right, power and authority to issue revenue bonds to finance the costs of the refunding and redeeming the Bonds to be Refunded and to enter into this Bond Purchase Agreement, the Lease and the Indenture to enact ordinances and adopt resolutions with respect to the Bonds, to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by the aforesaid documents;

(c) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding special obligations of the Issuer of the character permitted by the Act (as defined in the Indenture), in conformity with, and entitled to the benefit and security of, the Act and the Indenture;

(d) the execution and delivery of this Bond Purchase Agreement, the Bonds, the Indenture and the Tax Regulatory Agreement by and among the Issuer and the City dated the date of delivery of the Bonds (the "Tax Regulatory Agreement") and the Lease and compliance with the provisions hereof and thereof, under the circumstances contemplated hereby and thereby, will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, administrative regulation, court order or consent decree to which the Issuer is subject;

(e) all approvals, consents and orders of any governmental authority, board, agency, council or commission having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Indenture and the Lease and the Bonds have been obtained or, if not, will be obtained on or prior to the time of Closing;

(f) no litigation is pending or, to the knowledge of the Issuer, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds or the application of proceeds of the Bonds as provided in the Indenture or the collection of rents, profits, issues, income, revenues or receipts derived from the Lease, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Lease, the Tax Regulatory Agreement or this Bond Purchase Agreement, (iii) in any way contesting the existence or powers of the Issuer, or (iv) in any way contesting the right of the members of the Issuer to hold any of their respective offices;

(g) the Issuer is not in breach of or in default under any existing law, court or administrative regulation, decree or order applicable to the Issuer or by which it or its property is bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default thereunder, wherein such breach or default would have a materially adverse impact on the transactions contemplated by this Bond Purchase Agreement, the Lease, the Official Statement or the Indenture or the validity of the Bonds or any of such other documents or any agreement or instrument to which the Issuer is a party or by which it or its property is bound and which is used or contemplated for use in the consummation of the transactions contemplated hereby;

(h) any certificate signed by any officer of the Issuer and delivered to the Underwriter at the Closing shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein;

(i) when this Bond Purchase Agreement is accepted by the Issuer, and when the Bonds are issued, authenticated, sold and delivered to the Underwriter, each of the representations and certifications of the Issuer herein, in the Indenture and in the Lease is and will be true, accurate and complete;

(j) the Issuer has not received any judicial or administrative notice which in any way questions the Federal tax exempt status of interest on the Series 2010A Bonds or indicates that certificates of the Issuer as to non-arbitrage may not be relied upon in accordance with applicable Treasury Regulations;

(k) to the best knowledge of the officer executing this Bond Purchase Agreement it is not in breach of or in default under any existing law, court or administrative regulation, decree, order, agreement or other instrument to which it is subject or is a party or by which it or any of its property is bound, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default thereunder;

(l) (Reserved)

(m) the Issuer has duly taken all action necessary to be taken by it for the issuance and sale of the Bonds by the Issuer upon the terms set forth herein and in the Official Statement and the Indenture and for the execution, delivery and performance by it of this Bond Purchase Agreement and the Tax Regulatory Agreement and has duly taken all such other action as may be necessary or appropriate for the effectuation and consummation of the transactions contemplated hereby or by the Official Statement or the Tax Regulatory Agreement;

(n) the Issuer will not take or omit to take any action which will in any way cause or result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Indenture;

(o) except as may be described in the Official Statement, there is no action, suit, proceeding, investigation at law or in equity before or by any court, public board or body pending or, to the knowledge of the Issuer, threatened against or affecting it which, after due investigation, management believes will result in the award of money damages in excess of the applicable insurance coverages or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the transactions contemplated by this Bond Purchase Agreement, the Official Statement or the Tax Regulatory Agreement;

(p) the Issuer will not, while any Bonds are Outstanding (within the meaning of the Ordinance), take or permit to be taken any action which would adversely affect the exclusion from gross income of the interest on the Series 2010A Bonds for Federal income tax purposes; and

(q) the Issuer is eligible and entitled to participate in the transactions contemplated by this Bond Purchase Agreement, the Official Statement or the Tax Regulatory Agreement.

The City and the Issuer covenant that between the date hereof and the time of Closing they will not take any action, or omit to take any action, which will cause any of the representations and warranties made in this Section 4 to be untrue or incomplete as of the time of Closing.

5. (Reserved)

6. The Issuer consents to and ratifies the use of the Preliminary Official Statement prior to the availability of the Official Statement by the Underwriter in connection with the public offering of the Bonds after the date hereof.

7. At 10:00 A.M. Charleston, West Virginia time, on February 25, 2010, or at such other time or on such other date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "Closing Date"), the Issuer will deliver the Bonds to the Underwriter through The Depository Trust Company ("DTC") in New York, New York, in definitive form, duly executed by the Issuer and authenticated by the Registrar. Delivery of the documents described in Section 8 hereof shall occur at the offices hereinafter specified. Upon receipt thereof, the Underwriter shall pay the purchase price of the Bonds, plus accrued interest to the Closing Date, if any, to the Issuer in Federal funds. Such delivery and payment therefor is referred to herein as the "Closing."

Each maturity of the Bonds shall be represented by a single certificate registered in the name of Cede & Co., as nominee of DTC, and will be made available to the Underwriter for checking not less than 24 hours prior to the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the Underwriter to accept delivery of, and pay for, the Bonds in accordance with the terms of this Bond Purchase Agreement.

The Closing as aforesaid will be held at the offices of Jackson Kelly PLLC, Charleston, West Virginia, or at such other place as shall have been mutually agreed upon by the Issuer, the City and the Underwriter.

8. The obligations of the Underwriter hereunder shall be subject (i) to the performance by the City and the Issuer of their respective obligations to be performed hereunder at or prior to the time of Closing, (ii) to the accuracy and completeness in all material respects, in the reasonable judgment of the Underwriter, of the representations and warranties of the City and the Issuer made herein as of the date hereof and as of the time of Closing and (iii) to the following conditions, including the delivery by the Issuer and the City, of such documents as are enumerated herein in form and substance reasonably satisfactory to the Underwriter, counsel to the Underwriter, Steptoe & Johnson PLLC, Charleston, West Virginia, ("Underwriter Counsel") and bond counsel, Jackson Kelly PLLC, Charleston, West Virginia ("Bond Counsel"):

(a) At the time of Closing, (i) the Indenture, the Lease, the Sublease and the Tax Regulatory Agreement shall have been duly executed and delivered by the respective parties thereto and shall be in full force and effect and shall not have been amended, modified or supplemented from the forms thereof heretofore submitted to the Underwriter, except as may have been agreed to by the Underwriter with such agreement to be conclusively evidenced by the closing, (ii) the proceeds of the sale of the Bonds shall be deposited in accordance with the Indenture and the Official Statement and (iii) the Issuer shall each have duly adopted and there shall be in full force and effect such resolutions as in the opinion of Underwriter Counsel shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriter shall have the right to cancel its obligations to purchase the Bonds if:

(1) between the date hereof and the time of Closing, (A) legislation shall be enacted or be considered actively for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation has been referred for consideration, or a decision by a court of the United States or by the United States Tax Court shall be rendered, or a ruling, regulation, proposed regulation, temporary regulation or official release or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other governmental agency shall be made or proposed to be made with respect to Federal taxation upon revenues or other income of the general character of those to be derived by under the Sublease and the Lease, or upon interest on obligations of the general character of the Series 2010A Bonds, or (B) any other action or event shall have transpired which may (1) have the purpose or effect, directly or indirectly, of adversely affecting the Federal income tax consequences of any of the transactions contemplated hereby, including without limitation in the reasonable judgment of the Underwriter, materially adversely affect the market price or marketability of the Bonds, or the market prices or marketability generally of obligations of the general character of the Bonds, or

(2) there shall exist any event which in the reasonable judgment of the Underwriter either (A) makes untrue or incorrect in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or (B) requires the making of any additional statement so that the statements and information set forth in the Preliminary Official Statement and/or the Official Statement shall not be misleading in any material respect, or

(3) between the date hereof and the time of Closing, there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market price or the marketability of the Bonds, or

(4) there shall be in force a general suspension of trading on the New York Stock Exchange or the fixing of maximum or minimum prices for trading on said Exchange, or

(5) there shall have occurred a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the Federal bankruptcy laws or West Virginia receivership law by or against, any political subdivision, agency or instrumentality of the State of West Virginia (the effect of which being, in the reasonable judgment of the Underwriter, to make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds), or

(6) a general banking moratorium shall have been declared by either Federal, West Virginia or New York authorities, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially and adversely affect the market price or the marketability of the Bonds, or

(7) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Authority shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or

(8) any state "blue sky" or securities commission shall have withheld registration, exemption, or clearance of the offering of the Bonds, and in the reasonable judgment of the Underwriter, the market for the Bonds is materially adversely affected thereby, or

(9) a supplement or amendment shall have been made to the Official Statement subsequent to the date hereof which describes any materially adverse change in the affairs of the Issuer not disclosed in the Official Statement and in the Preliminary Official Statement,

(c) At the Closing, the Underwriter shall receive the following documents, in such number of counterparts as may be mutually agreeable to the Underwriter, the City and the Issuer:

(1) the approving opinion of Bond Counsel, dated the Closing Date, addressed to the Issuer together with a reliance letter, to the Bond Trustee and Underwriter relating to the due authorization, execution, delivery and validity of the Bonds, tax-exempt status of the interest on the Series 2010A Bonds for Federal income tax purposes and tax-exempt status of the interest on the Bonds for West Virginia income tax purposes, in form and substance satisfactory to the Underwriter;

(2) a supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Issuer and the Underwriter, to the effect that:

(i) The statements contained in the Official Statement under the headings "INTRODUCTION", "PLAN OF FINANCING ", "THE SERIES 2010 BONDS", "SECURITY FOR THE SERIES 2010 BONDS", "TAX MATTERS", and in Appendix D thereto insofar as such statements purport to summarize certain provisions of the Bonds or the Indenture are true, correct and complete in all material respects and present a fair summary of the matters intended to be summarized therein; and

(ii) No registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Indenture and the Ordinance under the Trust Indenture Act of 1939, as amended, is required in connection with the offer and sale of the Bonds.

(4) an opinion, dated the Closing Date, addressed to the Underwriter, of Underwriter's Counsel, to the effect that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and that the Indenture and the Ordinance are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; in addition, such counsel shall state in its letter containing the foregoing opinion, or in a separate letter, dated the Closing Date, that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the sole basis of its conferences with representatives of the City, the Issuer, Bond Counsel and the Underwriter, and its examination of the Bond Documents, nothing has come to its attention that would lead it to believe (excluding therefrom all information in Appendix B, all financial and statistical data and projections included in the Official Statement, including the entirety of Appendix A and all information concerning the Deposit Trust Company and the book-entry only system for the Bonds, on which it expresses no opinion) that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(5) a certificate of the Issuer, dated the Closing Date, to the effect that the representations and warranties made by the Issuer in this Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date;

(6) executed counterparts of the Indenture, the Lease, the Sublease and the Tax Regulatory Agreement;

(7) a certified copy of the resolution(s) of the Issuer authorizing the execution and delivery of the Bonds, the Indenture, the Lease and this Bond Purchase Agreement, the execution and use of the Official Statement and the use of the Preliminary Official Statement and a certificate of the Issuer, dated the Closing Date to the effect that said resolution(s) have not been modified, amended or repealed;

(8) a certificate of the Issuer, dated the Closing Date, to the effect that no litigation or proceeding is pending, or to its knowledge, threatened in any court or by or before any administrative body contesting the due organization or valid existence of the Issuer or the validity, due authorization or execution of the Bonds, the Official Statement, the Indenture, the Lease or this Bond Purchase Agreement, or use of either the Preliminary Official Statement or the Official Statement;

(9) a specimen Bond for each Series;

(10) a Preliminary Official Statement dated February 16, 2010, and an Official Statement dated the date of this Bond Purchase Agreement;

(11) UCC financing statements relating to the Indenture and other appropriate UCC financing statements, in form and substance satisfactory to the Underwriter;

(12) a Continuing Disclosure Certificate by the City;

(13) a certificate dated the date of Closing signed by an authorized officer of the Bond Trustee in form and substance acceptable to the Underwriter and their counsel;

(14) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, or counsel to the Underwriter, or Bond Counsel may reasonably request to evidence compliance by the City and the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of their respective representations herein contained and due performance or satisfaction by the City and the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by such parties.

If either the City or the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriter, the City or the Issuer shall be under any further obligation hereunder; provided, however, that the respective obligations to indemnify, as provided in Section 10 hereof, and to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect; and provided, further, that the Underwriter may, in its discretion, waive one or more of the conditions imposed by this Bond Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

9. All representations, warranties and agreements of the City and the Issuer contained herein shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the Closing.

10. (a) To the extent allowed by law, the Issuer hereby agrees to indemnify and hold harmless the Underwriter and each person, if any, who is an officer or employee of any Underwriter or who controls the Underwriter within the meaning of the Securities Act of 1933, as amended, and Underwriter Counsel (the "Indemnified Parties"), against any and all losses, claims, damages, liabilities and expenses (or actions in respect thereof) that arise out of or are based upon any untrue statement or alleged untrue statement of any material fact as set forth in the Official Statement or the Preliminary Official Statement (except with respect to the Underwriter, for information under the heading "Underwriting"), or arise out of or are based upon the omission or alleged omission therefrom of any statement or information necessary to make the statements therein not misleading including, without limitation, the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Issuer and the Issuer will reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action. The Issuer will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel satisfactory to the Indemnified Party and the payment of counsel fees and all other expenses relating to such defense; provided, however, that any Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof at the expense of such Indemnified Party unless such retaining of separate counsel has been specifically authorized by the Issuer; provided further, that if any Indemnified Party shall have been advised by counsel that there may be legal defenses available to such Indemnified Party which are different from or additional to those available to the Issuer, then the Issuer shall not have the right to assume the defense of such action on behalf of such Indemnified Party, and in such event the said fees and expenses of the Indemnified Party in defending such action shall be borne by such party. The indemnity agreement contained in this Section will be in addition to any liability which the Issuer may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provision for payment of the Bonds.

(b) Promptly after receipt by an Indemnified Party of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Issuer under this Section, notify the Issuer of the commencement thereof, and thereupon the Issuer (i) will assume the defense thereof if and as required under this Section or (ii) if not required to assume such defense, will be entitled to participate in, and to the extent that they may wish, to assume the defense thereof, with counsel satisfactory to such Indemnified Party, except as otherwise provided in the preceding paragraph. After notice from the Issuer to such Indemnified Party of its assumption of the defense thereof, the Issuer will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation and except as otherwise provided in the preceding paragraph.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in subsections (a) and (b) of this Section 10 is for any reason held to be unavailable to the Underwriter, other than in accordance with the terms of such subsections, the Issuer and the Underwriter shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Issuer and the Underwriter, in such proportions that the Issuer is responsible for that portion represented by the percentage that the underwriting discount appearing under the heading "Underwriting" in the Official Statements bears to the initial public offering price appearing thereon and that the Issuer is responsible for the balance; provided, however, that no person guilty of fraudulent

misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended), shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this subsection (c), each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended, shall have the same rights to contribution as the Underwriter, and each trustee of the Issuer, each officer of the Issuer who signs the Official Statement and each person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act of 1933, as amended, shall have the same rights to contribution as the Issuer.

(d) The Issuer deems the Preliminary Official Statement final as of its date except for the omission of the offering prices, interest rates, sources and uses, selling prices, selling compensation, aggregate principal amounts, delivery dates and other terms depending on such matters, and ratifies and approves the prior distribution of the Preliminary Official Statement by the Underwriter. The Issuer authorizes the Official Statement, and the information therein contained, to be used in connection with the public offering and sale of the Bonds and represents that the Official Statement will be complete as of the date of its delivery to the Underwriter. If between the date hereof and the 90th day following the end of the underwriting period for the Bonds (within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934), any event shall occur which would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and if in the opinion of the Issuer or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will cooperate to cause the Official Statement to be amended or supplemented in a form approved by the Underwriter and the Issuer shall bear the reasonable cost of such amendment or supplementation (to the extent the same is not paid from Bond proceeds). The Underwriter shall, upon the written request of the Issuer, inform the Issuer whether the underwriting period for the Bonds has ended and, if so, the date on which the underwriting period for the Bonds ended.

11. (a) All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance, sale and delivery of the Bonds to the Underwriter, including, but not limited to, the costs of printing of the Bonds and the typing, printing and distribution of the Preliminary Official Statement and the Official Statement, bond insurance, if any, the fees of consultants and rating agencies, CUSIP Service Bureau charges, the initial fees of the Bond Trustee and its counsel, printing costs, filing fees, and the fees and expenses of Bond Counsel, Underwriter Counsel and the Issuer's counsel in connection with the issuance of the Bonds other than those set forth in subsection (b) of this Section 11, shall be paid from the proceeds of the Bonds, to the extent available, and otherwise by the Issuer.

(b) The Underwriter shall pay all of their expenses including, but not limited to: (i) computer expenses, (ii) clearance charges, (iii) Municipal Securities Rulemaking Board fees, (iv) travel, closing and related expenses, and (v) the cost of Federal or other funds.

12. The City and the Issuer agrees to cooperate reasonably with the Underwriter in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request, and the Issuer shall, with respect to the offer or sale of the Bonds file written consent to service of process in any jurisdiction in which such consent may be required by law or regulation so that the Bonds may be offered or sold.

During the offering period and for a period not exceeding 90 days after the Closing Date, so long as the Underwriter is offering any of the Bonds the Issuer will not adopt any proposed amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing or which shall be reasonably disapproved by Underwriter Counsel or Bond Counsel.

13. ALL REPRESENTATIONS, WARRANTIES, COVENANTS, OBLIGATIONS AND AGREEMENTS OF THE CITY AND ISSUER CONTAINED IN THIS BOND PURCHASE AGREEMENT SHALL NOT CREATE ANY GENERAL OBLIGATION OR LIABILITY OF THE CITY OR THE ISSUER. ANY OBLIGATION OR LIABILITY OF THE ISSUER HEREUNDER SHALL BE LIMITED TO THOSE SOURCES PLEDGED FOR THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

14. Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing to its address set forth above, and any notice or other communication to be given to (i) the Underwriter may be given by delivering the same in writing to Crews & Associates, Inc., 2000 Union National Plaza, 124 West Capitol, Little Rock, Arkansas, 72201, Attention: Rush W. Harding, III.

15. This Bond Purchase Agreement may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument. Each party to this Bond Purchase Agreement may execute separate signature pages, and upon such execution and delivery shall constitute one and the same instrument.

16. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

[Remainder of Page Intentionally Left Blank – Signature Page to Follow]

Very truly yours,
CREWS & ASSOCIATES, INC.,

By: _____
Authorized Representative

Accepted as of the date first above written:

CHARLESTON BUILDING COMMISSION

By: R. Brandy Tracy
Its: Chairman

Approved by:

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Its: City Manager

EXHIBIT A

Maturities

$2,225,000 Series 2010A Bonds

Maturity Date (June1)	Principal Amount	Interest Rate
2013	$380,000	3.100%
2017	590,000	3.625
2019	330,000	4.000
2022	530,000	4.125
2024	395,000	4.375

$55,000 Series 2010B Bonds

Maturity Date (June1)	Principal Amount	Interest Rate
2011	$55,000	4.250%

Mandatory Sinking Fund Redemption

The 2010A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010A Bond so called for redemption plus interest accrued to the date fixed for redemption:

2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

The 2010B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010B Bond so called for redemption plus interest accrued to the date fixed for redemption:

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Optional Redemption

The Series 2010A Bonds are subject to optional redemption prior to their stated maturity on or after June 1, 2015, at the option of the Issuer at the direction of the City, at par plus accrued interest thereon to the date set for redemption.

BOND TRUST INDENTURE

Between

CHARLESTON BUILDING COMMISSION,

as Issuer

and

THE BANK OF NEW YORK MELLON,

as Trustee

Dated as of February 1, 2010

Relating to

$2,225,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

$55,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

BOND TRUST INDENTURE

This Bond Trust Indenture, dated as of February 1, 2010, between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission, organized and existing under and by virtue of the laws of the State of West Virginia, as issuer (the "Issuer"), and **THE BANK OF NEW YORK MELLON**, a New York banking corporation with trust offices in West Paterson, New Jersey, and authorized to exercise trust powers within in the State of West Virginia, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), The City of Charleston, West Virginia (the "City"), enacted an ordinance on May 19, 1980, creating the Charleston Building Commission, a public corporation with perpetual existence and a municipal building commission within the meaning of the Enabling Act (as previously defined, the "Issuer");

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the governing body of the City may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and this Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of a Lease and Agreement dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease") and of the 1999 Sublease as amended by a First Amendment to Equipment Lease to be dated as of February 1, 2010 (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $2,211,505.30, being par, less an original issue discount of $11,494.70 and an underwriting discount of $57,000;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in this Indenture will be secured by the Trust Estate created hereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under this Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer;

WHEREAS, the Bonds and the certificates of authentication and registration to be endorsed thereon are to be in substantially the forms set forth in Exhibit A and Exhibit B attached hereto, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to the Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in the Lease, the Sublease and this Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish a public purpose and are necessary, appropriate and required for the City; and

WHEREAS, all things necessary to make the Bonds, when registered and issued as in the Ordinance and this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge herein made of the rentals and revenues derived from the Lease to the payment of the principal of, premium, if any, and interest on the Bonds, a valid assignment of the rights of the Issuer under the Lease and a valid grant of a security interest in the Equipment have been done and performed, and the creation, execution and delivery of this Indenture, and the authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and mutual covenants herein contained and of the purchase of the Bonds and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the Bonds and the performance and observance of all the covenants and conditions herein or therein contained, has

executed and delivered this Indenture, and has conveyed, granted, assigned, transferred, pledged, set over and confirmed, mortgaged and granted a security interest and by these presents does hereby convey, grant, assign, transfer, pledge, set over, confirm, mortgage and grant a security interest unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personal, hereinafter described, subject only Permitted Encumbrances (said property being herein sometimes referred to as the "Trust Estate"), to wit:

I.

All rights, title and interests of the Issuer in and to the Equipment;

II.

All rights, interests and privileges of the Issuer in, to and under the Lease, including but not limited to, all rentals and revenues received by the Issuer from the leasing of the Equipment (except for the payment of the expenses of the Issuer referred to in item (3) of Section 4.02), and the collateral assignment by the Corporation of the Sublease and the rentals thereunder;

III.

All moneys and securities from time to time held by the Trustee under the terms of this Indenture;

IV.

All proceeds of any of the items and security described in Granting Clauses I through III, above; and

V.

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Issuer or on its behalf to the Trustee, which is hereby authorized to receive the same at any time as additional security hereunder, however, there is expressly excluded from any conveyance, grant, transfer, pledge and security interest the Rebate Fund and any and all moneys, amounts and investments therein.

TO HAVE AND TO HOLD, all and singular, the Trust Estate and the rights and privileges hereby conveyed, assigned and pledged, by the Issuer or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of each and every Registered Owner of the Bonds issued and secured hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one such Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein

otherwise expressly provided, so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

SUBJECT, NEVERTHELESS, as to the properties conveyed, assigned and pledged hereby and to which a security interest is granted hereunder, to Permitted Encumbrances as herein defined;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, together with any premium due thereon, according to the provisions set forth in the Bonds and each of them, or shall provide for the payment or redemption of such 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 hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, determine, and become void, and thereupon the Trustee, upon payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the Trust Estate as may be necessary or proper to discharge this Indenture of record and, if necessary, shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular, the property, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefor, or any part or portion thereof not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and among the parties hereto that the Bonds are to be issued, registered and delivered, and that all the pledged property and Trust Estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, 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 the Registered Owners of such Bonds or any of them as hereinafter set forth.

ARTICLE I

DEFINITIONS.

Section 1.01. Terms Defined. In addition to terms defined elsewhere herein and in the Lease (including the recitals herein and in the Lease), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations, and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bond Fund" means the fund so designated and created in Section 5.01 of this Indenture.

"Bondholder," "Holder, "Owner of the Bonds," "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered in accordance with the provisions hereof. .

"Bond Year" means the period beginning on the date of issuance of the Bonds and ending at the close of business on June 1, 2010, and, thereafter, each one-year period that begins on June 2 of each calendar year and ends at the close of business on June 1 of the succeeding year, unless otherwise required under the Code.

"Business Day" means any day on which the office of the Trustee designated in Section 15.03 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Corporation" or "Sublessor" means Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation, formerly known as Center for the Arts and Sciences of West Virginia, Inc.

"Date of Registration" means the date of authentication and registration of a Bond by the Registrar pursuant to Section 2.04 hereof.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by this Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Escrow Fund" means the fund created under the Escrow Agreement for deposit of a portion of the proceeds of the Bonds to effect the defeasance and redemption of the Bonds To Be Refunded.

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

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Indenture, begins on July 1 and ends on the next succeeding June 30.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States of America.

"Indenture" means this Bond Trust Indenture, as it may from time to time be amended or supplemented.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including as applicable, but not limited to:

(i) Underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount);

(ii) Counsel fees and expenses (including bond counsel, Underwriter's counsel, the Issuer's counsel and the City's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(iii) Trustee fees and Trustee's counsel fees, costs and expenses in connection with the borrowing;

(iv) Escrow Agent fees and counsel fees, costs and expenses in connection with refunding and redeeming the Bonds To Be Refunded;

(v) Accountant fees (e.g., accountant verifications in the case of refunding and defeasing the Bonds To Be Refunded);

(vi) Printing costs (for the Bonds and of the preliminary and final offering materials); and

(vii) Costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Act, and any successor in function.

"Lease" means the Agreement and Lease, of even date herewith, between the Issuer, as lessor, and the Corporation, as lessee, and all amendments thereof and supplements thereto.

"Lease Term" shall have the meaning assigned to such term under Section 4.01 of the Lease.

"Minimum Denomination" means $5,000.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all costs and expenses (including attorneys' fees, costs and expenses and any expenses of the Trustee or the City) incurred in the collection of such gross proceeds.

"Operating and Maintenance Expenses" means and includes, with respect to the Equipment and with respect to the period of determination, all necessary current, direct operating expenses (including management, wages and costs of supplies), current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated shares of charges for insurance and utilities, and all other direct expenses relating to the use and operation of the Equipment, but excluding, however, Rent, depreciation, capital expenditures, all indirect and general administrative expenses of the City or the Corporation and charges for renewal and replacement.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

(A) Bonds cancelled or required to be cancelled by the Trustee at or prior to such date;

(B) Bonds for the full payment of the principal of and interest on which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;

(C) Bonds for the redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee pursuant to Article III or Article XII hereof; provided that (i) notice of redemption shall have been given as provided in Section 3.05 hereof or waiver of such notice, satisfactory in form to the Trustee, shall have been filed with the Trustee, or (ii) provisions to call all the Bonds for redemption shall have been made as provided in Article XII hereof; and

(D) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Trustee.

"Permitted Encumbrances" means the Lease, the Sublease and this Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the City;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of this Indenture and subject to Section 5.05 of the Lease.

"Person" means a natural person, firm, association, corporation or public body.

"Qualified Investments" means and include any of the following securities, if and to the extent the same are at the time legal investments by the Issuer of the funds to be invested therein, all such securities to be held by the Trustee and in which the Trustee must have a perfected first security interest free of any third party claims:

(1) Government Obligations;

(2) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(3) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Farmers Home Administration; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Farm Credit Bank; Export- Import Bank of the United States; Federal Financing Bank; Federal Land Banks; Government National Mortgage Association (or any other agency or instrumentality of the United States of America, created by an Act of Congress, substantially similar to the foregoing in its legal relationship to the United States of America); Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(4) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(5) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(6) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (1) through (4) above;

(7) Repurchase agreements, fully secured by investments of the types described in paragraphs (1) through (4) above, with banks or national banking associations which are members of FDIC, including the Trustee, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements;

(8) Units of participation in a mutual fund managed by an investment company registered under the Investment Advisors Act of 1940, as amended, provided that such units of participation have a maturity of less than 1 year, that such fund is required to maintain a constant net assets value, that the assets of such fund are not less than $10,000,000, and that the securities which may be purchased for the portfolio of such fund are limited to the obligations of the kind described in (1) above;

(9) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

(10) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for Federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc., or Standard & Poor's Rating Service.

"Rebate Fund" means the Rebate Fund created pursuant to Section 7.02 hereof.

"Registrar" or "Bond Registrar" means the Trustee.

"Series A Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), authorized hereby in the aggregate principal amount of $2,225,000.

"Series B Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), authorized hereby in the aggregate principal amount of $55,000.

"Sublease" means the Equipment Lease dated as of June 1, 1999, as amended by the First Amendment to Equipment Lease dated as of February 1, 2010, both between the Corporation, as Sublessor, and the City, as Sublessee.

"State" means the State of West Virginia.

"Trustee" means The Bank of New York Mellon, a New York banking corporation, and any successor or successors thereto or assigns thereof, as trustee under this Indenture.

"Written Request" means a request in writing signed by an Authorized Representative of the City.

Any requirement for execution of this Indenture, the Bonds, the Lease, the Sublease or any certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Section 1.02. Exhibit. The following Exhibit is attached to and by reference is hereby made a part of this Indenture:

EXHIBIT A: FORM OF SERIES A BOND
EXHIBIT B: FORM OF SERIES B BOND

ARTICLE II

THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. The aggregate principal amount of Series A Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $2,225,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with AR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter. The aggregate principal amount of Series B Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $55,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with BR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

Section 2.02. Issuance and Delivery of Bonds; Maturity. (A) The Bonds shall be issued in two series, designated (i) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)," in the aggregate principal amount of $2,225,000 and (ii) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)," in the aggregate principal amount of $55,000.

(B) The Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1 of each of the years, and shall bear interest, payable on June 1 and December 1 of each year, beginning June 1, 2010, at the rates, all as set forth below.

Series A

Maturity Date	Amount	Interest Rate
2013	$380,000	3.100%
2017	$590,000	3.625%
2019	$330,000	4.000%
2022	$530,000	4.125%
2024	$395,000	4.375%

Series B

Maturity Date	Amount	Interest Rate
2011	$55,000	4.250%

(C) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) A certified copy of the Ordinance of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Lease and this Indenture;

(ii) A certified copy of the ordinance of the City Council, approving the Sublease;

(iii) A certified copy of the resolution of the Board of Directors of the Corporation, approving the Lease;

(iv) Executed counterparts of the Lease and the Sublease;

(v) An executed counterpart of this Indenture;

(vi) A request and authorization to the Trustee by the Issuer, signed by the Chairman of the Issuer, to authenticate and deliver the Bonds to the Underwriter, upon payment to the Trustee or the Escrow Agent, as applicable, for the account of the Issuer, of the purchase price thereof; and

(vii) An approving legal opinion of Bond Counsel.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Chairman and attested with the manual or facsimile signature of its Secretary and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication and Registration. All Bonds shall have endorsed thereon a certificate of authentication and registration duly manually executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. The Series A Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit A hereto, and the Series B Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit B hereto, each with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed; Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction, together with such security or indemnification as may be required by the Issuer, the City and the Trustee to save them harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Bond Fund created with respect to such Bond and available for purposes of such payment. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees, costs and expenses in this connection, including reasonable attorneys' fees, costs and expenses.

Section 2.07. Bond Registrar. So long as any of the Bonds remain outstanding, the Trustee, as agent for the Issuer, shall act as Bond Registrar and maintain at its office in West Paterson, New Jersey, a register for the registration and transfer of the Bonds for the Issuer (the "Bond Register"), whereby such Bonds may be presented for registration of transfer and for exchange as provided in this Indenture.

Section 2.08. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer.

After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.08.

At the expense of the Bondholder requesting such exchange, Bonds may be exchanged at the corporate trust office of the Trustee as designated pursuant to Section 15.03 for an equal aggregate principal amount of Bonds of the same series in denominations of $5,000 or integral multiples thereof. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then Outstanding.

The Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of mailing of a notice of redemption pursuant to Section 3.05 hereof, or (b) any Bonds called for redemption.

Section 2.09. Fees. For every exchange or transfer of Bonds, the Trustee or Issuer, as applicable, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment of principal thereof and premium and interest thereon or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.10. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be cancelled and destroyed by the Trustee in its customary manner and shall not be reissued. Copies of the certificate of destruction shall be furnished by the Trustee to the Issuer and the City.

Section 2.11. Limited Obligations. The Bonds shall be special and limited obligations of the Issuer. The Bonds shall be payable solely out of revenues and rentals derived from, or in connection with, the Lease and the Trust Estate pledged hereunder. The Bonds shall never constitute an indebtedness of the State, the City or the Issuer within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State, the City or the Issuer. The Bonds shall never be a charge against or pledge of the faith and credit or taxing power of the State, the City or the Issuer. The owners of the Bonds shall have no right to have taxes levied by the Legislature of the State or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bonds.

Series 2.12. Book-Entry System. **The Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in this Section. One Bond of each maturity of each series shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.**

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive

Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest and redemption premium, if any, with respect to the Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Authority Letter of Representation that has been executed and delivered by the Issuer to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer, the City and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Issuer or the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Trustee shall, at the request of the Issuer or the City, discontinue the book-entry system with DTC. If the Issuer or the City, as applicable, fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Indenture, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "AR" and numbered separately from "1" upward with respect to the Series A Bonds and lettered "BR" and numbered separately for "1" upward with respect to the Series B Bonds, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE ISSUER, THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM,

IF ANY, AND INTEREST ON THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Limitation on Redemption. The Bonds shall be subject to redemption as provided in this Article III.

Section 3.02. Optional Redemption.

A. The Series A Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. The Bonds shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease, the Sublease or this Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

Section 3.03. Redemption Requests. Redemption shall be made pursuant to Section 3.02 A or B hereof on an authorized date selected by the City, which date shall be not less than 30 days nor more than 120 days after receipt by the Trustee of a certificate of an Authorized Representative of the City, on behalf of the Issuer, (i) requesting that the Bonds be redeemed pursuant to Section 3.02, (ii) stating the principal amount of the Bonds to be so redeemed and the authorized date upon which the same will be redeemed; (iii), if appropriate, stating that an event described in Section 3.02 B has occurred and identifying such event; and (iv) if appropriate, stating the source of the funds expected to be used to effect the redemption.

Section 3.04. Mandatory Sinking Fund Redemption.

A. The Series A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

B. The Series B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the

redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Section 3.05. Notice of Redemption.

A. Notice of the call for any redemption, identifying series and the Bonds or portions thereof to be redeemed, shall also be given by the Trustee, on behalf of the Issuer, by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to such Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

B. Notice of redemption having been given in the manner hereinabove provided for, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the redemption price aforesaid.

Section 3.06. Cost of Redemption. In the event of any redemption of the Bonds, whether extraordinary, optional or mandatory, there shall be paid by the Issuer, solely from funds provided by the City, in addition to the redemption price, all reasonable costs, fees and expenses of the Trustee and the Issuer in connection with such redemption, including but not limited to, reasonable attorney's fees, costs and expenses.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal and Interest. Subject to the limited source of payment hereinafter referred to, the Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof. The principal of and interest and premium, if any, on the Bonds are payable solely from rents, revenues and other amounts derived from the leasing or sale of the Equipment and otherwise as provided herein and in the Lease, which rents, revenues and other amounts are hereby specifically assigned and pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer (except the Equipment, the Lease and other property subject to the lien of this Indenture).

Section 4.02. Performance of Covenants; Legal Authorization. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds authorized hereby and to execute this Indenture, to perform its obligations hereunder, to grant a lien on the Equipment and to assign the Lease and to pledge the Lease rentals and other amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Issuer according to the import thereof.

Section 4.03. Title and Instruments of Further Assurance. The Issuer covenants that it has good and marketable title to the Equipment, subject only to Permitted Encumbrances, and it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its title to the Equipment or any part or portion thereof is now or at any time hereafter shall or may be impaired or charged or encumbered in any manner whatsoever, except by Permitted Encumbrances; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such security agreements, assignments or instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning, granting a security interest in and confirming unto the Trustee all and singular the property herein described and the rentals and revenues assigned and pledged hereby to the payment of the principal of and interest on the Bonds.

Section 4.04. Recording and Filing. The Issuer covenants that it will cause any and all financing and continuation statements to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Holders of the Bonds and the rights of the Trustee hereunder.

Section 4.05. Books and Records. The Issuer covenants that so long as any Bonds are outstanding and unpaid and to the extent of its financial dealings or transactions in relation to the Equipment and the rentals and revenues derived therefrom, the Issuer will keep, or cause to be kept by the Trustee, proper books of record and account. Such books shall at all times be open to the inspection of such accountants or other agencies as the Trustee may from time to time designate.

Section 4.06. Rights Under Lease. Neither a sale of the Equipment under this Indenture nor the appointment of a receiver for the Trust Estate nor any other procedure related to the enforcement of the lien or the provisions of this Indenture shall of itself terminate or otherwise affect or impair the rights or obligations of the Issuer under the Lease. The Lease sets forth the covenants and obligations of the Issuer and the Corporation, including a provision that neither the Lease nor this Indenture may be effectively amended, changed or modified without the written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to enforce all covenants and obligations of the Corporation under the Lease and agrees that the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Corporation under and pursuant to the Lease for and on behalf of the holders, whether or not the Issuer is in default in its covenant to enforce such rights and obligations. The Issuer hereby makes for the benefit of the Trustee the representations and warranties set forth in Section 2.01 of the Lease.

Section 4.07. Arbitrage. The Issuer shall not take, or permit or suffer to be taken on its behalf, any action with respect to the proceeds of the Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.08. Designation of Series A Bonds as Bank-Qualified. The Series A Bonds have been and are hereby designated by the Issuer as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

ARTICLE V

BOND FUND

Section 5.01. Source of Payment of Bonds; Creation of the Bond Fund. The Bonds herein authorized and all payments to be made by the Issuer thereon and into the various funds are not general obligations of the Issuer but are limited obligations payable solely from revenues, rents and other amounts derived from leasing or sale of the Equipment and the various funds established under this Indenture. Pursuant to the assignment and pledge of the Lease and the rentals and revenues derived therefrom set forth in the granting clauses contained herein, the Issuer will direct the City to make payments of such rentals and revenues directly to the Trustee when and as the same become due and payable by the City under the terms of the Lease. There is hereby created and established with the Trustee a trust fund with respect to the Bonds to be designated as the "Bond Fund" (the "Bond Fund").

Section 5.02. Payments into the Bond Fund. There shall be deposited in the Bond Fund (a) all amounts derived from, or in connection with, the Lease, (b) all interest and other income received on investments of the Bond Fund, (c) any amount remaining in the Escrow Fund after the Bonds To Be Refunded have been finally discharged and all fees and expenses in connection therewith have been paid; (d) any amount required to be paid pursuant to Section 8.08 hereof, and (e) all other moneys received by the Trustee with respect to the Bonds unless otherwise provided herein.

Section 5.03. Use of Moneys in the Bond Fund. Except as provided in this Section and in Section 5.06 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, and Trustee's fees and expenses with regard to the Bonds, either at maturity or redemption prior to maturity.

Section 5.04. Non-presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, or at the date fixed for redemption thereof, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the owner or owners thereof, all liability of the Issuer to the owner thereof for the payment of such Bond, as the case may be, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Such funds shall not be deemed to be part of the Bond Fund after the due date and shall not be subject to investment.

Any moneys held by the Trustee for the payment of the principal of or interest on any Bond and remaining unclaimed for two years after such principal or interest has become due and payable shall, upon the written request of the City to the Trustee, be paid to the City to the extent permitted by the law of the state in which the Trustee is domiciled. After the payment of such unclaimed moneys to the City, the owner of such Bond shall thereafter look only to the City for

the payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease.

Section 5.05. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund or the Rebate Fund shall be held by the Trustee in trust for the purposes thereof but need not be segregated from other funds except to the extent required by this Indenture.

Section 5.06. Repayment to the City from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of and interest and redemption premium, if any, on the Bonds (or provision for the payment thereof as provided in this Indenture), and the reasonable fees, charges and expenses of the Trustee, incurred in connection with the Bonds, shall be paid to the City, except as shall be subject to rebate to the United States under Section 148(f) of the Code.

ARTICLE VI

APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Application of Proceeds. Proceeds from the sale of the Series A Bonds in the amount of $2,171,406.73 shall be deposited directly with or transferred by the Trustee immediately upon receipt to the Escrow Agent for deposit or credit to the Escrow Fund in accordance with the Escrow Agreement. In addition, proceeds from the sale of the Series A Bonds in the amount of $98.57 and proceeds from the sale of the Series B Bonds in the amount of $40,000 shall be deposited by the Trustee into the Costs of Issuance Account.

Section 6.02. Costs of Issuance Account.

(a) The proceeds of the Bonds deposited in the Costs of Issuance Account shall be used and withdrawn by the Trustee only as provided in this Section 6.02. No amount in any other fund or account created by this Indenture shall be expended for Costs of Issuance.

(b) The Trustee is authorized and directed to make disbursements from the Costs of Issuance Account upon the written direction of an Authorized Representative for the payment of Costs of Issuance, in the amounts stated to be due and payable in the Authorized Representative certificate which shall be filed with the Trustee from time to time, together with such other documentation as may be required hereunder, certifying that such amounts may be properly paid. The Trustee shall make such disbursements not later than five days after receipt of all the documentation required by this Section 6.02(b).

(c) Notwithstanding any provision to the contrary, any amounts remaining in the Costs of Issuance Account on April 26, 2010, shall be transferred to the Bond Fund and applied to the payment on the interest next coming due on the Bonds.

ARTICLE VII

INVESTMENTS AND REBATE

Section 7.01. Investment of Moneys. Except as otherwise provided in this Indenture, any moneys held as a part of the Bond Fund or the Rebate Fund shall be invested or reinvested by the Trustee at the written direction of the City in Qualified Investments. All such written directions shall be specifically subject to the provisions and restrictions of Sections 4.07 and 7.02 hereof to which reference is hereby made.

Any such investment shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investments shall be credited or charged to the appropriate fund. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in either fund is insufficient to make the payments required from such fund regardless of the loss on such liquidation. The Trustee may make any and all investments permitted by this Section 7.01 through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

In making investments of the moneys in any such funds, the Trustee shall rely conclusively on the written direction of the City as to the suitability and legality of the directed investments and shall not be liable for any investments made in violation of the covenant as to arbitrage contained in the Lease or herein, or for any losses resulting from such investment or otherwise, if made pursuant to such direction.

Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. In the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested.

The Trustee shall provide monthly statements regarding the funds and accounts maintained by it and the investments credited thereto. Although the Issuer and the City each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the City hereby agree that confirmations of 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 7.02. Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series A Bonds. In addition, the Issuer covenants to comply with, or cause compliance with, the Code and all Regulations from time to time in effect and applicable to the Series A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, or cause to be taken or refrained from being

taken actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Indenture or the Lease.

The Issuer shall calculate, or cause to be calculated, annually, and at such other times required under the Code upon retirement or redemption of the Series A Bonds or otherwise, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such calculation, the Issuer shall deposit, or cause to be deposited, in the "Rebate Fund" (the "Rebate Fund") to be created and established with the Trustee hereunder as a separate trust fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, may be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund and all moneys, amounts and investments therein shall be held free and clear of any lien or pledge under this Indenture or the Lease, and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Trustee shall pay said amounts to the City, unless otherwise required by law as evidenced by an opinion of Bond Counsel. The Issuer shall timely remit, or cause to be remitted, payments to the United States in the time and at the address prescribed by the Regulations as the same may from time to time be in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure, or cause to be assured, that such payments are made to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the City and the Trustee in preparing rebate calculations and in all other respects in connection with rebates. The Issuer may (at the sole expense of the City) direct in writing the Trustee to perform or to cause to be performed (which may be by one of the Trustee's agents, subsidiaries or affiliates) the calculations required by this Section 7.02. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.02 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay, or cause to be paid, any and all penalties and other amounts, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes.

The Issuer shall submit, or cause to be submitted, to the Trustee within 15 days following the end of each Bond Year after the Bond Year ending June 1, 2010, a certified copy of the rebate calculation and certificate with respect thereto.

Notwithstanding the foregoing, if the City shall submit to the Trustee and the Issuer a certificate stating that the Series A Bonds are exempt from the rebate requirements of Section 148(f) of the Code as a result of an applicable exception therefrom, then the Issuer and the City shall not be required to take further actions pursuant to this Section 7.02 so long as the Series A

Bonds and any gross or other proceeds thereof remain exempt from the rebate requirements of Section 148(f) of the Code.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default," that is to say, if:

(A) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(B) Payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption; or

(C) The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder for a period in excess of 90 days and a new issuer shall not have undertaken the duties of the Issuer within such period; or

(D) An order or decree shall be entered appointing a receiver or receivers for the Equipment or any of the revenues of the Issuer derived therefrom, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or degree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

(E) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues and other moneys derived by the Issuer from the Lease and 60 days shall have elapsed since the institution of such proceeding; or

(F) If the Issuer (i) files a petition in bankruptcy, or (ii) makes an assignment for the benefit of its creditors or (iii) consents to the appointment of a receiver or trustee for itself or for the whole or any part or portion of the Equipment and 60 days shall have elapsed since the filing of such petition, the making of such assignment or the consent to such appointment; or

(G) If (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) on a petition in bankruptcy filed against the Issuer it is adjudged a bankrupt, or (iii) an order, judgment or decree entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver or trustee of the Issuer or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(H) If the Issuer shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and 60 days shall have elapsed since the filing of such petitions; or

(I) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(J) The Lease or the Sublease shall be terminated; or

(K) Any event of default as defined in Section 9.01 of the Lease shall occur and be continuing for a period of 30 days; or

(L) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any agreement supplemental hereto on the part of the Issuer to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the City by the Trustee; the Trustee may give such notice in its discretion (which may be based upon an opinion of counsel) and shall give such notice at the written request of the owners of not less than 10% in aggregate principal amount of the Bonds then outstanding hereunder.

Section 8.02. Acceleration. Subject to the provisions of Section 8.12 hereof with respect to waivers of events of default, upon the happening of any Event of Default specified in Section 8.01 other than the Events of Default specified in paragraphs (A) and (B) of Section 8.01 and the continuance of the same for the period, if any, specified in said Section, the Trustee may, without any action on the part of the Bondholders, and shall upon the happening of any Event of Default specified in paragraphs (A) or (B) of Section 8.01 or upon the written request of the Holders of not less than 25% in principal amount of the Bonds then Outstanding hereunder, exclusive of Bonds then owned by the Issuer, the Corporation or the City, upon being indemnified to its satisfaction, by notice in writing delivered to the Issuer and the City, declare the entire principal amount of the Bonds then Outstanding hereunder and the interest accrued thereon immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable.

Section 8.03. Surrender of Possession; Rights of Trustee in Possession; Sale of Equipment. Subject to the rights of the Corporation under the Lease and the City under the Sublease, if any, upon the occurrence of any Event of Default, the Issuer upon demand of the Trustee, shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent (including the Issuer) as it may appoint, to take possession of all or any part of the Trust Estate with the books, papers and accounts of the Issuer pertaining thereto and including the rights and the interest of the Issuer under the Lease; and to hold, operate and manage the same, and from time to time make all needful repairs and improvements

as by the Trustee shall be deemed advisable; and the Trustee may, subject to the Lease, lease the Equipment or any part thereof in the name of and for the account of the Issuer and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it advisable to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of Section 8.08 hereof. Whenever all that is due upon the Bonds and installments of interest under the terms of this Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the Issuer, its successors or assigns; the same right of entry, however, to exist upon any subsequent Event or Default.

While in possession of such property the Trustee shall upon written request render annually to the Issuer and the City and also to the Holders of Bonds, at their addresses as set forth in the Bond Register, a summarized statement of income and expenditures in connection therewith.

Notwithstanding the foregoing, upon the occurrence of an Event of Default, the Trustee may sell all or a portion of the Equipment at public auction, for cash, or on such time and terms as it may elect, and shall apply the proceeds of sale, after reimbursing itself for all reasonable attorneys' fees and other expenses incurred by it in connection with such sale, in accordance with Section 8.08 of this Indenture. The Trustee shall give notice of the time, terms and place of sale by publishing notice of such sale in some newspaper of general circulation in Charleston, West Virginia, once a week for two successive weeks preceding the day of sale, and no other notice of sale shall be given; provided, that notice of such sale shall also be given by certified mail, return receipt requested, to the Issuer at least 20 days preceding the day of sale, and the Trustee shall comply with all applicable provisions of law.

Section 8.04. Other Remedies; Rights of Bondholders. Upon the occurrence of any Event of Default, the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit to enforce the payment of the principal of or premium, if any, and interest on the Bonds outstanding hereunder, including, without limitation, the sale of all or a portion of the Equipment and mandamus. Upon the occurrence of an Event of Default under the Lease, the Trustee may enforce any and all rights of the Issuer thereunder.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 25% in aggregate principal amount of the Bonds outstanding and shall have been indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the holders of Bonds; and the foregoing shall apply also, if an Event of Default shall have occurred under the Lease, to the enforcement by the Trustee of the rights of the Issuer thereunder; provided however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or if the Trustee in good faith

shall determine that such action would be unjustly prejudicial to the holders of Bonds not parties to such request.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the owners of Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the owners of Bonds hereunder now or hereafter existing at law or in equity or by statute. It is understood and agreed by and between the parties hereto that nothing herein contained shall be construed as a substitute for, or in derogation of, the right to sell the Equipment or as imposing any duty or obligation upon the Trustee to take charge of the Equipment or to collect said rents, issues or profit or to have a receiver appointed for such purposes.

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

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.05. Direction of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, including enforcement of the rights of the Issuer under the Lease or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Holders of Bonds under this Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, issues, earnings, income, products thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.07. Waiver of Stay Laws. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or

hinder the enforcement of this Indenture, but the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State.

Section 8.08. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of Operating and Maintenance Expenses, the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of and the costs, expenses, liabilities and advances incurred or made by the Trustee (including but not limited to, attorney's fees, costs and expenses), be deposited into the Bond Fund and all moneys in the funds and accounts maintained by the Trustee under Article VI shall be applied as follows:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (B) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (A) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in its sole and absolute discretion, having due regard to the amount of such

moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 8.08 and all costs, expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the City.

Section 8.09. Remedies Vested in Trustee. All rights of action including the right to file proof of claims under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds.

Section 8.10. Rights and Remedies of Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder unless a default shall have become an Event of Default and the Holders of 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, or unless also they have offered to the Trustee indemnity as provided in Section 9.01, or unless the Trustee shall thereafter fail or refuse to exercise the power hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Holder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place, from the source and in the manner in said Bonds expressed.

Section 8.11. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Issuer and the Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.12. Waiver of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal, and shall do so upon written request of the Holders of 66 2/3% in aggregate principal amount of all Bonds which may be affected thereby; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any outstanding Bonds at the dates of maturity specified therein or (b) any Event of Default in the payment when due or the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for, and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 8.13. Trustee's Rights and Remedies Under the Lease. The Issuer hereby gives, assigns and pledges to the Trustee and the Holders of the Bonds, as additional security for the Bonds, the right and privilege, in addition to all other rights vested in and remedies available to the Trustee and the Bondholders, including, without limitation, the right to enforce, either jointly with the Issuer or separately, the performance of the obligations of the City under the Lease.

Section 8.14. Corporation's Rights of Possession and Use of Equipment. So long as the Corporation is in full compliance with the terms and provisions of the Lease, the Corporation shall be suffered and permitted to possess, use and enjoy the Equipment and to sublease the Equipment to the City free of claims of the Issuer and the Trustee.

Section 8.15. Sale of Equipment by Issuer; Subletting. In the Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Bondholders, including, without limitation, consenting to the subletting of the Equipment or any part or portion thereof or the assignment of the Lease and/or the sale (if permitted by and subject to applicable laws) of all the estate, right, title and interest, claim and demand, of the Issuer and the Trustee in the Equipment for the benefit of the Bondholders.

Section 8.16. Notice of Default. In the event of any default hereunder, the Trustee shall promptly give written notice thereof to the Issuer and to the City setting forth the nature of such default.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a reasonably prudent corporate trustee, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof, except that in the event the Trustee enters into possession of a part or portion or all of the Equipment pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Corporation under the Lease or the City under the Sublease, except as hereinafter set forth, but the Trustee may require of the Issuer, the Corporation or the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Lease. The Trustee shall not be responsible for reviewing any financial information of the Corporation or the City which it receives pursuant to the Lease or Sublease and shall hold such financial information solely as a repository for the benefit of the holders of the Bonds; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner. Notwithstanding anything to the contrary herein, except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate of the Issuer signed by its Chairman (and acknowledged by the City) or any certificate signed by an Authorized Officer of the Corporation or the City as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Issuer under its seal to the effect that a resolution or ordinance, as appropriate, in the form therein set forth has been adopted and/or enacted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted and/or enacted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

N. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

O. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

P. None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Q. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities,

computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

R. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture or any other document reasonably relating to the Bonds sent by the Issuer or the City, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the City, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the City, as applicable, elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the City, as applicable, agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders in the same manner required by Section 3.05 hereof in the case of redemption of the Bonds; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the Holders of the Bonds.

For purposes of this Section 9.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 9.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 9.04. Right to Rely Upon Documents. The Trustee may conclusively rely upon and shall be fully protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit,

voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 9.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, the Corporation or the City and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 9.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon in writing between the Trustee and the City. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 9.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 9.08. Co-Trustee. The Trustee, with the approval of the City, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 9.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the City and by registered or certified mail to each registered owner of Bonds then outstanding, and such resignation shall take effect at the end of such 30 days or upon the earlier appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 9.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the City and executed by the owners of a majority in aggregate principal amount of the Bonds then outstanding.

Section 9.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or

concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Chairman and attested by its Secretary under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 9.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than $20,000,000.

Section 9.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX within six months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 9.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the City an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon reasonable written request of such successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the Trust Estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by its hereunder.

Section 9.15. Successor Trustee Merger. Any corporation or other organization into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation or other organization resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation or other organization acquiring all or substantially all of the trust business of the Trustee shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may,

in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder. In the event the Corporation shall fail under the Lease to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 of the Lease, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 of the Lease, (iii) maintain the Equipment in repair pursuant to Sections 5.05 and 5.06 of the Lease, (iv) procure the insurance required by Section 5.08 of the Lease, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed under the Lease, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate equal to the lesser of (i) the Trustee's prime rate then in effect plus two percent (2%), or (ii) the highest amount allowed by law, from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of Section 5.09 of the Lease.

Section 9.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.01 hereof. The rights and obligations of the Trustee under this Section 9.17 are subject to the approval of a court of competent jurisdiction.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures not Requiring Consent of Bondholder. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture, as shall not be materially inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To cure any ambiguity or formal defect or omission in this Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(C) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(D) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(E) To modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended; and

(F) To make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the Holder of such Bonds, or (b) a reduction in the amount or extension of the time of any payment required herein, or (c) the creation of any lien (other than any Permitted Encumbrances) upon the Equipment, without the consent of the Holders of 100% in aggregate principal amount of the Bonds at the time outstanding, or (d) a reduction in the aforesaid

aggregate principal amount of Bonds the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the office of the Trustee designated in Section 15.03 for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X which adversely affects the respective rights of the Corporation under the Lease and while the Corporation is not in default under the Lease or this Indenture or of the City under the Sublease and while the City is not in default under the Sublease or this Indenture shall not become effective unless and until the Corporation or the City, as the case may be, shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of such supplemental indenture to which the Corporation or the City, as applicable, has not already consented, together with a copy of the proposed supplemental indenture and a written consent form to be signed by the Corporation or the City, as applicable, to be mailed by certified or registered mail to the Corporation or the City, as applicable, at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture.

Prior to executing any supplemental indenture, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such supplemental indenture (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

ARTICLE XI

AMENDMENTS TO THE LEASE

Section 11.01. Amendments to Lease or Sublease Not Requiring Consent of Bondholders. The Issuer, the Corporation, the City and the Trustee, as applicable, may without the consent of, or notice to, the Bondholders consent to any amendment, change or modification of the Lease or the Sublease, as the case may be, as may be required (i) by the provisions of the Lease and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission or accurately describing the Equipment, (iii) in connection with any other change therein which, in the judgment of the Trustee, based upon opinion of Counsel, is not to the prejudice of the Trustee or the Holders of the Bonds, or (iv) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds.

Prior to consenting to any amendment to the Lease or Sublease, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such amendment (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

Section 11.02. Amendments to Lease Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 11.01 hereof, neither the Issuer, the Trustee, the Corporation nor the City shall consent to any other amendment, change or modification of the Lease or the Sublease, as the case may be, without the prior written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding given and procured as in this Section provided; provided, however, that no such amendment, change or modification shall be made which affects the terms of or payment for the Bonds. The Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed to Bondholders in the same manner as provided by Section 10.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee of the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.03. No Amendment May Reduce Rent. Under no circumstances shall any amendment to the Lease or Sublease reduce the amount of rent payable thereunder without the

consent of the Holders of all the Bonds Outstanding, except in the event of prepayment or redemption of all or a portion of the principal amount of the Bonds.

ARTICLE XII

SATISFACTION OF THE INDENTURE

Section 12.01. Defeasance. If the Issuer shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways:

(A) By paying or causing to be paid the principal, premium, if any, and interest on all Bonds outstanding, as and when the same become due and payable;

(B) By depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem (when redeemable) all Bonds outstanding; provided that the City shall give written direction to the Trustee for the investment of such fund which will not cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code;

(C) By delivering to the Trustee, for cancellation by it, all Bonds outstanding; or

(D) By depositing with the Trustee, in trust, Government Obligations in such amount as will be or in such amount as an independent accounting firm of national reputation shall certify will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (if called for redemption) and discharge the indebtedness on all Bonds at or before their respective maturity dates, provided that such investments as directed in writing by the City shall not cause the Bonds to be "arbitrage bonds" under Section 148 of the Code; and if the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then and in that case this Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Trustee shall, upon joint written request of the City and Issuer, and upon receipt by the Trustee of an opinion of Bond Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and that the defeasance of the Bonds in such manner will not affect adversely the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds, execute and deliver any necessary and proper instruments acknowledging satisfaction of and discharging this Indenture and the lien hereof. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Issuer for any expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit in any fund created under this Indenture (other than said Government Obligations deposited in trust as above provided) shall, upon the full satisfaction of this Indenture, forthwith be transferred, paid over and distributed to the City or as directed by the City, except those sums necessary to be rebated to the United States under Section 148(f) of the Code whether in the Rebate Fund or otherwise.

The Issuer or the City may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the Issuer or the City may have acquired in

any manner whatsoever, and such Bonds upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 12.02. Liability of Issuer Discharged. Upon the deposit with the Trustee, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III herein, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, determine and be completely discharged and the owners thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the following: (i) the Trustee shall hold the proceeds of such Government Obligations or such moneys, as the case may be, without liability for interest thereon or reinvestment thereof, in a separate account for the benefit of Bondholders who have not presented their Bonds on the redemption date; (ii) thereafter, such Bondholders shall be restricted exclusively to such account for any claim whatsoever under the Indenture or Bonds; and (iii) any such funds which remain unclaimed by the Bondholder(s) entitled thereto for a period of two years after the redemption date shall be paid to the City free of any trust or lien and thereafter such Bondholder(s) shall look only to the City for payment and then only to the amounts so received by the City without any interest thereon, and the Trustee shall have no further responsibility with respect to such moneys.

ARTICLE XIII

MANNER OF EVIDENCING OWNERSHIP OF BONDS

Section 13.01. Proof of Ownership. Any request, direction, consent or other instrument provided by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the Issuer, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(A) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(B) The ownership of Bonds shall be proved by the register of such Bonds required to be maintained by the Registrar.

Any action taken or suffered by the Trustee pursuant to any provision of this Indenture, upon the request or with the assent of any person who at the time is the holder of any Bond or Bonds shall be conclusive and binding upon all future holders of the same Bond or Bonds.

ARTICLE XIV

RELEASE AND SUBSTITUTION OF PROPERTY

Section 14.01. Conditions for Release. So long as no default shall have occurred and be continuing under this Indenture, the Trustee shall release, without the consent of any of the Bondholders, any equipment disposed of in accordance with Section 5.07 of the Lease and any of the Equipment or other property subject to the lien of this Indenture, upon receipt by the Trustee of each of the following, upon which the Trustee may conclusively rely:

(A) Written Request. A Written Request by an Authorized Representative of the Corporation for such release, describing the property to be released (referred to in this Article XIV as the "Released Property").

(B) Certificate of Corporation. A Certificate of the Corporation to the Trustee and the Issuer certifying:

(i) The fair market value of the Released Property and of the property (referred to in this Article XIV as the "Substituted Property") to be substituted for the Released Property pursuant to the terms hereof;

(ii) The disposition to be made of the Released Property and the consideration, including the fair market value of consideration other than money, to be received for the Released Property;

(iii) That the disposition of the Released Property and the substitution thereof or of the Substituted Property will not materially adversely affect the operations of the remaining Equipment or any other properties of the Corporation included in the Lease or the ability of the Corporation to satisfy its obligations under the Lease and will not materially reduce or adversely affect the Corporation's net income available for debt service;

(iv) That the Substituted Property will be leased from the Issuer to the Corporation pursuant to the Lease and will constitute Equipment under the Lease and will, in turn, be subleased by the Corporation to the City and will constitute Equipment under the Sublease;

(v) That the fair market value or utility of the Substituted Property is at least equal to the fair market value or utility of the Released Property;

(vi) That the execution and delivery of the release by the Trustee and the subjection of the Substituted Property to the lien of this Indenture will not result in a default by the Corporation under the Lease or by the City under the Sublease; and

(vii) That all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(C) Appraisal of Released Property. An appraisal of the fair market values of the Released Property and of the Substituted Property by an expert acceptable to the Issuer and to the Trustee if the Released Property is not real property.

(D) Opinion of Counsel. A letter of opinion addressed to the Issuer and the Trustee from counsel who is satisfactory to the Issuer and the Trustee to the effect that:

(i) The release of the property requested by the Corporation is authorized hereunder;

(ii) The Substituted Property is subject to and constitutes Equipment under the Lease and under the Sublease, is subject to the lien of this Indenture and is subject to no other liens or encumbrances, except for Permitted Encumbrances;

(iii) The execution and delivery of the requested release and the acceptance of the Substituted Property will not violate any provisions of the Lease or the Sublease or of this Indenture including, without limitation, the provisions of Section 4.07 hereof relating to "arbitrage bonds"; all necessary action required to be taken by the Corporation and by the Issuer to effect the release of the Released Property and the conveyance of the Substituted Property have been taken;

(iv) The documents required to effect the release of the Released Property and substitution thereof or of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with their respective terms; and

(v) To their knowledge, all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(E) Cumulative Exception. Notwithstanding the foregoing provisions of this Section 14.01, the Corporation may make such removals, substitutions, sales and other dispositions of personal property without the obligation to comply with the provisions of this Section 14.01 so long as the cumulative value of the personal property so removed, substituted, sold or otherwise disposed of is less than 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time personal property may be released only on compliance with this Section 14.01

Section 14.02. Disposition of Substituted Property. The Trustee shall invest, subject to Section 7.01 hereof, any cash delivered to it as Substituted Property in Qualified Investments pursuant to a Written Request and any such cash and Qualified Investments shall be held by the Trustee in a separate trust account for the benefit and security of the outstanding Bonds. All

income from Qualified Investments pursuant to this Section 14.02 shall be added to the funds held pursuant to this Section 14.02. Funds from time to time on deposit with the Trustee pursuant to this Section 14.02 shall be used to make up any deficiencies in the Bond Fund, and to the extent funds are used to make up such deficiencies, the Corporation, under Section 4.02 of the Lease, is required to make payment directly to the Trustee for deposit in such trust account the amount of any such deficiencies forthwith. Upon Written Request and provided that no default shall have occurred and be continuing under this Indenture, any funds held by the Trustee pursuant to this Section 14.02 shall be used by the Trustee in redeeming Bonds, in accordance with Article III hereof.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 15.02. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part or portion hereof.

Section 15.03. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer, the Corporation, the City or the Trustee if the same shall be duly mailed by first class mail and addressed as follows, or at such other address as a party may designate by notice to the other parties:

ISSUER:	Charleston Building Commission 815 Quarrier Street, Suite 244 Charleston, West Virginia 25301 Attention: Chairman
CITY:	The City of Charleston P.O. Box 2749 Charleston, West Virginia 25330 Attention: City Manager
TRUSTEE:	The Bank of New York Mellon 385 Rifle Camp Road 3rd Floor West Paterson, New Jersey 07424 Attention: Corporate Trust Department

CORPORATION: Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301

Section 15.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close, and no additional interest on such payment shall accrue for the intervening period.

Section 15.05. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.06. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State, without regard to conflict of law principles.

Section 15.07. Immunity of Officers and Members of Issuer. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture or the Lease contained against any past, present or future officer or member of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers or members as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **THE BANK OF NEW YORK MELLON**, as Trustee, have caused these presents to be signed in their respective names and on their behalf and their corporate seals to be affixed and attested, all by their respective officers thereunto duly authorized, and all as of the day and year first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Its Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By_____
Its Authorized Officer

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **THE BANK OF NEW YORK MELLON**, as Trustee, have caused these presents to be signed in their respective names and on their behalf and their corporate seals to be affixed and attested, all by their respective officers thereunto duly authorized, and all as of the day and year first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Its Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By _____
Its Authorized Officer

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 24th day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: April 6, 2014

(STAMP)

NOTARY PUBLIC
STATE OF WEST VIRGINIA
SANDRA L. [illegible]
Jackson Kelly PLLC
[illegible] Box [illegible]
Charleston, WV 25322
My Commission Expires April 6, 2014

STATE OF _____,

COUNTY OF _____, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by _____, an authorized officer of THE BANK OF NEW YORK MELLON, a New York banking corporation acting as trustee, on behalf of the banking corporation acting as trustee.

My commission expires: _____

(STAMP)

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 24th day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: _____

(STAMP) _____

STATE OF New Jersey,

COUNTY OF Morris County, **TO-WIT:**

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by _____, an authorized officer of THE BANK OF NEW YORK MELLON, a New York banking corporation acting as trustee, on behalf of the banking corporation acting as trustee.

Roseann Vegas
Notary Public
New Jersey
My Commission Expires 2-24-2014

My commission expires: _____

(STAMP) _____

EXHIBIT A

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-__ $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the

appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an

indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

EXHIBIT B

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

No. BR-__ $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Bonds"), issued in the aggregate principal amount of $55,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs incurred in connection with the issuance of the Bonds and of the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds"), issued in the aggregate principal amount of $2,225,000, and with refunding and redeeming the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"), with the proceeds of the Series A Bonds. The 1999 Bonds were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant the Lease The Bonds are on a parity as to payment from such rentals and in all other respects with the Series A Bonds.

The Bonds and the Series A Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

LEASE 258 641
Recorded In Above Book and Page
02/25/2010 03:05:30 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax	0.00
Recording Fee	55.00
TOTAL	55.00

AGREEMENT AND LEASE

Between

CHARLESTON BUILDING COMMISSION,

Lessor,

and

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,

Lessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

AGREEMENT AND LEASE

This Agreement and Lease (hereinafter called the "Lease") dated as of February 1, 2010, by and between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission organized and existing under the laws of the State of West Virginia, as lessor (hereinafter called the "Issuer" or "Lessor"), and the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as the Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as lessee (hereinafter called the "Corporation" or "Lessee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), the City Council of the City (the "City Council") enacted an ordinance on May 19, 1980, creating the Issuer;

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the City Council may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Corporation pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code of West Virginia of 1931, as amended (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt - Bank Qualified) in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and the Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of this Lease and of the 1999 Sublease as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (the 1999 Sublease as so amended is hereinafter referred to as the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $2,211,505.30, being par, less an original issue discount of $11,494.70 and an underwriting discount of $57,000;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under a

Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), including by a security interest in the Equipment and a collateral assignment of this Lease and the rentals hereunder and any other property or funds pledged under the Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in this Lease, the Sublease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose;

WHEREAS, the execution and delivery of this Lease have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer; and

WHEREAS, all things necessary to constitute this Lease a valid and binding obligation of the City, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined. In addition to the terms defined elsewhere herein and in the Indenture (including the recitals hereto and in the Indenture), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors (or the Executive Committee thereof) of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bondholder," "Holder," "Owner of the Bonds or "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Business Day" means any day on which the office of the Trustee designated in Section 10.01 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing at least five percent of the purchase price of the Bonds by the Underwriter or such other applicable meaning set forth in the Code.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision of the Code.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by the Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Lease, begins on July 1 and ends on the next succeeding June 30.

"Indenture" means the Bond Trust Indenture dated as of the date of this Lease, as it may from time to time be amended or supplemented.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Enabling Act, and any successor in function.

"Lease" means this Agreement and Lease between the Issuer, as lessor, and the Corporation, as lessee, and all amendments hereof and supplements hereto.

"Lease Term" has the meaning assigned to such term under Section 4.01 of this Lease.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is

used remaining after payment of all expenses (including attorneys' fees and any expenses of the Trustee, the Issuer, the Corporation or the City) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means this Lease, the Sublease, the Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the Corporation;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of the Indenture and subject to Section 5.05 hereof.

"Person" means a natural person, firm, association, corporation or public body.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Rent" means, for any period of determination, the amounts payable by the Corporation to the Trustee pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Title" means good and marketable title as to the Equipment, subject only to Permitted Encumbrances.

"Underwriter" means Crews & Associates, Inc.

"Written Request" means a request in writing signed by an Authorized Representative of the Corporation.

Any requirement for execution of the Indenture, the Bonds, this Lease, the Sublease or any Certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice-Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations, Findings, Determinations and Warranties by the Issuer. The Issuer makes the following representations, findings, determinations, and warranties as the basis for the undertakings and covenants on its part and on the part of the Corporation contained herein, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease:

(A) The Issuer is a public corporation and municipal building commission validly created and existing under the Act, and the other laws of the State, is authorized to enter into the transactions contemplated by this Lease and the Indenture and to carry out its obligations hereunder and thereunder, has been duly authorized to execute and deliver this Lease and the Indenture, and it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The leasing of the Equipment, the issuance and sale of the Bonds, the current refunding and redemption of the Bonds To Be Refunded, the execution and delivery of this Lease and the Indenture and the performance of all covenants and agreements of the Issuer contained in this Lease and the Indenture and of all other acts and things required under the Constitution and laws of the State to make this Lease and the Indenture valid and binding obligations of the Issuer in accordance with the terms thereof are authorized by the Act and have been duly authorized by proceedings of the Issuer adopted and enacted at meetings thereof duly called and held.

(C) The Issuer has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer any act or thing whereby its interest in the Equipment shall or may be impaired, charged or encumbered in any manner whatsoever, except by Permitted Encumbrances.

(D) To finance the cost, together with other available funds, of the current refunding and redemption of the Bonds To Be Refunded, the Issuer has authorized issuance of the Bonds in the aggregate principal amount of $2,280,000, to be issued upon the terms set forth in the Ordinance and the Indenture, under the provisions of which, in order to secure the payment of the principal, premium, if any, and interest on the Bonds, the interest of the Issuer in this Lease and the rentals and revenues to be received hereunder are pledged and assigned to the Trustee, and this Lease shall become subject to the lien or pledge provided for in the Indenture for the benefit of the Bondholders.

(E) The Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or

contained in this Lease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose.

(F) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Lease or the Indenture or which, in any way, would adversely affect the validity or enforceability of the Bonds, this Lease, the Indenture or any agreement, document or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

(G) Neither this Lease nor any of the rentals or revenues to be received hereunder has been pledged or hypothecated in any manner or for any purpose other than as provided in the Indenture as security for the payment of the Bonds.

(H) The Issuer shall file, or assist the City in the filing of, any reports or statements, and shall take any other action as may be required from time to time, with respect to the reporting requirements of Section 149(e) of the Code.

(I) The authorization, execution, sale and delivery of the Bonds and the current refunding and redemption of the Bonds To Be Refunded, in the manner provided herein, in the Escrow Agreement and in the Indenture, will not violate any instrument, agreement, document, covenant, law, order or decree to which the Issuer is a party or is subject.

Section 2.02. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease and to inure to the benefit of the Trustee as the assignee of this Lease:

(A) The Corporation is a duly organized and validly existing corporation under the laws of the State of West Virginia and is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code. The Corporation is a nonprofit corporation organized and operated exclusively for not-for-profit purposes, no part of the earnings of which inures to the benefit of any person, private shareholder or individual. The Corporation has conducted its operations and filed all required reports with the Internal Revenue Service to maintain such status.

(B) The Corporation has full legal right, power and authority to enter into this Lease and the Sublease and to carry out and consummate all transactions contemplated hereby and thereby; and it has, by proper action, duly authorized the execution and delivery of the Sublease and this Lease and has approved the Indenture and the issuance of the Bonds.

(C) The Corporation intends to operate the Clay Center, including, but not limited to, the Equipment, as a nonprofit center for, and in furtherance of, providing instruction,

enlightenment and educational opportunities at least until the date on which all of the Bonds have been fully paid and are no longer outstanding.

(D) Neither the execution and delivery of the Sublease or this Lease, the consummation of the transactions contemplated thereby or hereby, nor the fulfillment of or compliance with the terms and conditions of the Sublease or this Lease conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement, document or instrument, or any law, regulation, rule, statute, decree or order, to which the Corporation is now a party or by which it or its properties are bound, or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation under the terms of any instrument, document or agreement other than as contemplated by this Lease and except for Permitted Encumbrances.

(E) The Corporation will maintain its principal place of business and chief executive office in the City of Charleston, West Virginia, so long as the Bonds are outstanding, unless otherwise agreed by the Issuer.

(F) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations, and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its operations or its properties or the Equipment.

(G) The issuance of the Bonds by the Issuer will promote and assist the Corporation in its charitable purposes.

(H) Neither this Lease nor any other document, agreement, instrument, certificate or statement furnished to the Issuer by or on behalf of the Corporation in connection herewith and therewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. It is specifically understood by the Corporation that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds.

(I) No action will be taken which will cause interest on the Series A Bonds to be included for federal income tax purposes in the gross income of the Owners of the Series A Bonds.

(J) Proceeds of the Series A Bonds will not be used in a manner that would cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code.

(K) The Corporation has all necessary licenses, certificates, approvals and permits to lease, use and operate the Equipment.

(L) The Equipment is and will be located entirely within the corporate boundaries of the City and has a substantial connection with the Issuer.

(M) Except for the Series B Bonds with respect to items (i), (iii) and (iv), below, there are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States of America, or political subdivision of any of the foregoing or of the District of Columbia, which (i) were or are to be sold at substantially the same time as the Series A Bonds, (ii) were or are to be sold at substantially the same interest rate as the interest rate of the Series A Bonds, (iii) were or are to be sold pursuant to a common plan of marketing as the marketing plan for the Series A Bonds, and (iv) were or are payable directly or indirectly by the Corporation, and any related person to the Corporation, a common or pooled security or from the source from which debt service on the Series A Bonds is payable.

(N) The Corporation has designated the Series A Bonds as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code, and the Corporation and its subordinate entities have not and will not issue more than $30,000,000 in aggregate principal amount of tax-exempt bonds during calendar year 2010.

(O) The Corporation will provide and insure the proper and timely filing of a statement concerning the issue of which the Series A Bonds are a part, on behalf of the Issuer, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, containing such information as is required under Section 149(e) of the Code.

(P) The Corporation will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(Q) The Corporation warrants and represents that no portion of the proceeds of the Series A Bonds shall be used directly or indirectly to provide residential rental property for family units or any airplane, skybox or other private luxury box, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption of premises.

(R) The Equipment is are and will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation, by an organization described in Section 501(c)(3) of the Code or by a local governmental unit or any another entity whose ownership will not adversely affect the exclusion from gross income of interest on the Series A Bonds for Federal income tax purposes.

(S) Notwithstanding Subsection (R), above, the Corporation recognizes and agrees that title to the Equipment is vested in the Issuer, that the Issuer has granted to the Trustee a security interest in the Equipment, and that this Lease and the Corporation's rights and interest hereunder are subject to the Indenture.

(T) The Corporation hereby acknowledges that it has received a copy of the Indenture and agrees to comply with each provision of the Indenture applicable to it or to the Equipment.

ARTICLE III

ISSUANCE OF BONDS BY THE ISSUER; ASSIGNMENTS

Section 3.01. Sale of Bonds. If the Issuer and the City shall have determined that the Bonds can be issued and sold upon fair and reasonable terms, the Issuer shall issue, sell and deliver the Bonds in an aggregate principal amount of $2,280,000 pursuant to and in conformity with the Ordinance and the Indenture. The proceeds of the Bonds shall be applied as provided in the Indenture.

Section 3.02. Payment of Bonds. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with the provisions of the Indenture, and the rentals owed by the Corporation hereunder shall be paid directly to the Trustee and shall be pledged to secure the payment of the Bonds as provided in the Indenture and herein.

Section 3.03. Assignment of Rights Under Lease. Except as otherwise expressly provided herein and in the Indenture, this Lease and the rights, interest, powers, privileges and benefits accruing to or vested in the Issuer hereunder shall be protected and enforced in conformity with the Indenture and are hereby assigned by the Issuer to the Trustee as additional security for the Bonds and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions hereof and of the Indenture. THE ISSUER SHALL RETAIN NO RIGHTS HEREUNDER, EXCEPT THOSE RIGHTS SET FORTH IN SECTION 7.07 AND THE RIGHT TO PAYMENT OF EXPENSES PURSUANT TO ITEM (3) OF SECTION 4.02 OF THIS LEASE, AND, NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, ONLY THE TRUSTEE SHALL HAVE THE RIGHT TO PURSUE ANY REMEDIES HEREUNDER.

Section 3.04. Assignment of Rights Under Sublease. As security for its obligations under this Lease, Lessee hereby assigns, conveys, pledges and grants to Lessor a security interest in and lien on all of Lessee's right, title and interest in the Sublease and the rentals payable by the City thereunder. Such assigned rights, title and interest shall be further assigned by Lessor to the Trustee as additional security for the Bonds in accordance with Section 3.03, above, and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions thereof and of the Indenture.

ARTICLE IV

DEMISING CLAUSES AND RENT

Section 4.01. Leasing of the Equipment - Term of Lease; Termination. In consideration of the rentals to be received by the Issuer and of the covenants and promises herein contained to be kept and performed by the Corporation, and in consideration of the issuance of the Bonds by the Issuer and the assignment of this Lease by the Issuer to the Trustee, the Issuer hereby demises and leases the Equipment to the Corporation, and the Corporation hereby hires, takes and leases the Equipment from the Issuer, for the Lease Term, at the rentals and on the conditions herein set forth.

The term of the demise and leasing of the Equipment by the Issuer to the Corporation (the "Lease Term") shall commence on the date of delivery of executed counterparts of this Lease to the parties hereto and shall extend, unless sooner terminated in accordance with the provisions hereof, to June 30, 2024, provided, however, that the Lease Term shall expire on such earlier date as the principal of, premium, if any, and interest on all the Bonds and all other expenses payable by the Corporation hereunder shall have been paid or provisions for their payment shall have been made in accordance with the Indenture and this Lease.

Anything to the contrary herein notwithstanding, this Lease shall be considered cancelled, without further obligation of the part of Lessee, if the City Council fails to budget sufficient funds to fulfill the City's obligations under the Sublease. Such obligations include the payment of funds in an amount sufficient to permit Lessee to fulfill its obligations under this Lease. In such event, Lessee may immediately redeliver possession of the Equipment to Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Equipment except for rent accruing prior to such date of redelivery. In the alternative, Lessee may exercise its right to purchase the Equipment pursuant to the provisions of Section 4.06 hereof.

It is further agreed by and between the parties hereto that the City shall have the right to cancel the Sublease without further obligation on its part upon giving 30 days' written notice to Lessor and Lessee, such notice being given at least 30 days prior to the last day of the succeeding month.

Section 4.02. Rent. Until payment in full of the Bonds and the interest thereon and all fees and charges of the Trustee and all other fees, charges and costs owed by the Corporation hereunder, the Corporation shall pay, directly to the Trustee, on or prior to the first day of June and the first day of December in each year, commencing June 1, 2010, and at such other time or times as any amount or amounts shall be due under the Indenture which correspond to components of rent hereunder, each such installment to be computed by adding, as applicable, the following:

(1) The installments required to pay the principal amount of the Bonds and the interest thereon at the times and in the amounts required by the Indenture;

(2) The fees then due to the Trustee for services under the Indenture and under this Lease; and

(3) The amount of any expenses incurred by the Trustee or the Issuer pursuant to this Lease or the Indenture.

In any event, so long as any of the Bonds are outstanding, the Corporation promises to pay sufficient rentals to pay promptly the principal of, premium (if any) and interest on the Bonds as and when the same become due and payable, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All payments of Rent shall be made directly to the Trustee at the address set forth in Section 10.01 hereof. This Lease is a net lease, and the Issuer shall be under no obligation to operate, maintain, replace or improve the Equipment or pay the cost thereof, but shall be entitled to have the Rent paid as required herein on an absolute net basis, and such Rent shall not be subject to abatement before retirement of all Bonds.

Section 4.03. Corporation's Obligations Unconditional. The Issuer and the Corporation covenant and agree that the Corporation shall bear all risk of damage or destruction in whole or in part to the Equipment or any part or portion thereof, including, without limitation, any loss, complete or partial, or interruption in the use or operation of the Equipment, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or operation of the Equipment or the compliance by the Corporation with any of the terms hereof. In furtherance of the foregoing, but subject to Section 4.01 and without limiting any of the other provisions hereof, the Corporation covenants and agrees that its obligations to pay the rents and other sums herein provided for and to perform and observe its other covenants and agreements contained herein shall be absolute and unconditional and that the Corporation shall not be entitled to any abatement or diminution thereof (except for insurance or condemnation proceeds which are paid directly to the Trustee) or to any termination of this Lease by reason of:

(A) Any damage to or destruction or condemnation of the Equipment or any part or portion thereof; or

(B) Any interruption or prevention from any cause whatsoever of the use or operation of the Equipment or any part or portion thereof and whether or not resulting from any restriction or requirement of law, ordinance, rule or regulation of any public body or authority having jurisdiction over the Equipment (whether relating to the use or operation of the Equipment or the use or occupancy of the Clay Center or the quality, character or condition of the structures, buildings, improvements or equipment thereon or otherwise) and whether or not on account of any violation by the Corporation of this Lease; or

(C) Any acts or circumstances constituting failure of consideration, eviction or constructive eviction, or commercial frustration of purpose: or

(D) Any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision or agency of either; or

(E) Any indebtedness or liability of the Issuer to the Corporation or any failure of the Issuer to observe or perform any covenant or agreement, whether express or implied, or any duty, liability or obligation arising out of or contained herein or otherwise; or

(F) Any failure or defect in the Title to the Equipment; or

(G) Any other reason whatsoever, whether similar or dissimilar to the foregoing, except as otherwise specifically provided herein.

Section 4.04. Corporation's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its covenants or agreements herein, and if the Issuer should fail to perform any such covenant or agreement, the Corporation may institute such action against the Issuer as the Corporation may deem necessary to compel the performance or to recover damages for nonperformance, subject to Section 8.03 hereof, so long as such action shall not violate the Corporation's covenants or agreements in Section 4.03. The Corporation may at its own cost and expense, and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding against third parties or take any other action which the Corporation deems reasonably necessary to secure or protect its right of possession, occupancy and use of the Equipment under this Lease. In that event, the Issuer agrees to cooperate fully with the Corporation, and to take all action necessary to effect the substitution of the Corporation for the Issuer in any such action or proceeding if the Corporation shall so request.

Section 4.05. Prepayment of Rents. Pursuant to and subject to the terms of the Indenture, the rentals payable hereunder may be prepaid in whole at any time. In addition to the foregoing, there is hereby reserved to the Corporation the right, and the Corporation is hereby authorized and permitted, at any time and as often as it may choose, to prepay all or any part of the rents payable under Section 4.02 hereof, together with such other amounts as shall be sufficient to redeem all of the Bonds in accordance with the provisions of the Indenture, and the Issuer agrees that the Trustee may accept such prepayments of rents and other sums when the same are tendered by the Corporation. All rents and other sums prepaid pursuant to this Section 4.05 shall be applied to the redemption or purchase of the Outstanding Bonds in the manner and to the extent provided for in the Indenture.

Except as otherwise provided herein, in the event of all or any portion the Bonds becoming due and payable pursuant to the provisions of Articles VI or IX hereof, rentals hereunder sufficient to pay the interest and principal thereon shall be and become at once due and payable.

Section 4.06. Transfer of Title in Equipment to Corporation Upon Payment or Prepayment of Rent. Upon payment of all rental payments required hereunder and the sum of

One Dollar ($1.00), and upon payment by the Issuer of the principal of, redemption premium, if any, and interest on the Bonds, at the expense of the Corporation, the Issuer shall make and deliver to the Corporation a good and proper bill of sale and/or other instruments of conveyance, releases, assignments or transfers required by the Corporation upon advice of counsel, duly executed and acknowledged with transfer stamps (if applicable) attached thereto, granting, conveying, transferring and/or releasing any and all right, title and interest of the Issuer in and to the Equipment, subject to all reservations, exceptions, conditions, easements, rights of way, or other like limitations of record or otherwise under and by which the Issuer is bound in its interest in and to the Equipment.

Section 4.07. Indemnification.

(A) To the extent permitted by law, the Corporation releases the Issuer and the Trustee from and agrees that the Issuer and the Trustee shall not be liable for, and agrees to indemnify and hold the Issuer and the Trustee harmless from, any liability for, or costs or expenses (including but not limited to reasonable attorneys' fees, costs and expenses) resulting from, or any loss or damage that may be occasioned by any cause whatsoever pertaining to the issuance, sale and delivery of the Bonds, the actions taken or to be taken by the Issuer or the Trustee under this Lease or the Indenture, except for the gross negligence or willful misconduct of the Issuer or negligence or willful misconduct of the Trustee. The parties intend that no general obligation or liability or charge against the general credit of the Issuer shall occur by reason of entering into this Lease or the Indenture, the issuance of the Bonds or performing any act required of it by the Sublease, this Lease or the Indenture. Nevertheless, if the Issuer shall incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold the Issuer harmless by reason thereof, to the extent permitted by law, as provided herein, unless such liability results from the gross negligence or willful misconduct of the Issuer.

(B) No provision in this Lease or in the Indenture or any obligation imposed upon the Issuer, or the breach of those provisions or obligations, will constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing power, if any. No board member, employee, officer, director or agent of the Issuer will be personally liable with respect to the Sublease, this Lease, the Indenture, the Bonds or any of the documents related thereto.

(C) Except as described in Subsection (A), the Corporation will promptly pay and will indemnify, defend and hold the Issuer and the Trustee, including any person at any time serving as a director, officer, employee, agent or consultant of the Issuer or the Trustee or any person who controls the Issuer or the Trustee within the meaning of the Securities Act of 1933, as amended (collectively, the "Indemnified Parties"), harmless from and against all claims, liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), suits and judgments of any kind arising out of:

(1) Those matters set forth in Section 7.07 hereof;

(2) The issuance and sale of the Bonds;

(3) The execution and delivery of the Sublease, this Lease, the Indenture, or any document required or in furtherance of the transactions contemplated by them; or

(4) The performance of any act required of any indemnitee under this Section or under any provision of the Sublease, this Lease or the Indenture or any document required or in furtherance of the transactions contemplated by them.

(D) An Indemnified Party will promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Corporation in writing. If a proceeding is commenced against the Indemnified Party, the Corporation may participate in the proceeding and, to the extent it elects to do so, may assume the defense with counsel satisfactory to the Indemnified Party. If, however, the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Corporation, or if the Corporation fails to assume the defense of proceeding or to employ counsel for that purpose within a reasonable time after notice of commencement of the proceeding, the Corporation will not be entitled to assume the defense of the proceeding on behalf of the Indemnified Party, but will be responsible for the reasonable fees, costs and expenses of the Indemnified Party in conducting its defense.

(E) No covenant or agreement contained in this Lease or in the Indenture will be deemed to be the covenant or agreement of any board member, officer, attorney, agent or employee of the Issuer, the Trustee or the Corporation in an individual capacity. No recourse will be had for any payment or any claim against any officer, board member, agent, attorney or employee of the Issuer, the Trustee or the Corporation, past, present, or future, or its successors or assigns, either directly or through the Issuer, or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all liability of such board members, officers, agents, attorneys or employees being released as a condition of and as a consideration for the execution and delivery of this Lease.

(F) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section is for any reason held to be unavailable to the Indemnified Party, the Corporation shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Indemnified Party in such proportion as is appropriate to reflect the relative fault of the Corporation in connection with the claim or the commencement of a proceeding regarding which indemnity under this Section may be sought; provided, however, that no person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(G) The indemnifications set forth herein shall survive the termination of this Lease and the Indenture or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 4.08. Quiet Enjoyment. Lessor covenants that, upon payment of the rentals as provided above, it will warrant and defend the title of Lessee against any and all claims whatsoever, not arising hereunder, during the term of this Lease and that Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold and enjoy the Equipment.

ARTICLE V

COVENANTS RELATING TO THE USE AND OPERATION OF THE EQUIPMENT; SUBLEASE

Section 5.01. Taxes, Charges and Assessments. The Corporation covenants and agrees, subject to the provisions of Section 5.04 hereof relating to permitted contests, to pay or cause be paid before the same become delinquent:

(A) All taxes, charges and fees on account of the use or operation of the Equipment, including but not limited to, all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against the Equipment or on account of the Corporation's use or operation thereof or the activities conducted thereon or therewith; and

(B) All taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the Lease Term upon all or any part or portion of the Equipment, or the interest of the Issuer and of the Corporation or either of them in and to the Equipment, or upon the Issuer's and the Corporation's interest, or the interest of either of them, in this Lease or the rentals payable hereunder.

If, under applicable law, any such tax, charge, fee, rate, imposition or assessment may, at the option of the taxpayer, be paid in installments, the Corporation may exercise such option. The Corporation covenants and agrees that it will, at its own cost and expense, obtain exemption from all taxes and other charges referred to in this Section 5.01 to the extent permitted under applicable law.

As between the parties hereto, the Corporation shall have the duty of making and filing all statements or reports which may be required under applicable law in connection with any such tax, charge, fee, rate, imposition or assessment, and the Issuer agrees promptly to forward to the Corporation any and all notice of or bills in connection with any such charge, fee, rate, imposition or assessment. The Issuer hereby grants to the Corporation the right to use the name of the Issuer, to the extent the use of the name of the Issuer is permitted by or necessary under applicable law, in connection with any contest of the amount or validity of any tax, charge, fee, rate, imposition or assessment. If the provisions of any law, rule or regulation at the time in effect shall require such statements or reports to be executed and filed by the Issuer or such proceedings to be brought by the Issuer, the Issuer shall, at the request and expense of the Corporation, execute and file such statements or reports or, as the case may be, shall join in such proceedings, but the Issuer shall not be subject to any liability for the payment of any costs or expenses in connection therewith. The Corporation covenants and agrees that all statements, reports and other documents prepared for execution by the Issuer solely or by the Issuer jointly with Corporation shall be true, accurate and complete.

Nothing contained herein shall be deemed to constitute an admission by either the Issuer or the Corporation to any third party other than the Trustee that either the Issuer or the Corporation is liable for any tax, charge, fee, rate imposition or assessment.

Section 5.02. Liens. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Equipment or any part or portion thereof, other than Permitted Encumbrances.

Section 5.03. Compliance with Orders. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will, at its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to the Corporation or the Equipment or any part or portion thereof, the Clay Center or any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining the Clay Center or any part or portion thereof or to the use or manner of use, operation or condition of the Equipment or any part or portion thereof.

Section 5.04. Permitted Contests. The Corporation shall not be required to pay any tax, charge, fee, rate, imposition or assessment referred to in Section 5.01 hereof, or to remove any lien, charge or encumbrance required to be removed under Section 5.02 hereof, or to comply with any law, ordinance, order, decree, rule, regulation or requirement referred to in Section 5.03 hereof, so long as the Corporation shall contest, in good faith and at its cost and expense, in its own name and behalf or in the name and on behalf of the Issuer, the amount or the validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, charge, fee, rate, imposition, assessment, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Equipment or any part thereof, or of the rent or any portion thereof, to satisfy the same; provided, that no such contest shall subject the Issuer or the Trustee to the risk of any liability. While any such matters are pending, the Issuer shall not pay, remove or cause to be discharged the tax, charge, fee, rate, imposition, assessment, lien or encumbrance being contested, unless the Corporation agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Corporation to settle any such contest), and in any event the Corporation will pay all losses, judgments, decrees and costs (including attorney's fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed, imposed or determined to be payable therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The Corporation shall give the Issuer prompt written notice of any such contest, and the Issuer agrees to cooperate with the Corporation, at the Corporation's cost and expense, in any such contest.

Notwithstanding any rights granted to the Corporation under the preceding paragraph of this Section 5.04, if the Trustee or the Issuer shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any of the foregoing items within 30 days the lien of the Indenture as to any substantial part of the Equipment will be materially endangered or the

Equipment or any part or portion thereof will be subject to imminent loss or forfeiture, then the Corporation shall promptly, but in any event in not more than five days from receipt by the Corporation of such notification, pay all such unpaid items or cause them to be stayed, satisfied and discharged.

Section 5.05. Use of the Equipment. The Corporation will use the Equipment only in connection with the use, occupation and operation of the Clay Center and in furtherance of lawful corporate purposes of the Corporation.

Subject to the terms of this Lease, the Corporation may sublease any part or portion of the Equipment or contract for the performance by others of operations or services on or in connection with the Equipment, or any part or portion thereof, for any lawful purpose, provided that (i) each such sublease or contract shall not be inconsistent with the provisions of the Indenture or this Lease, (ii) the Corporation shall remain fully obligated and responsible under this Lease to the same extent as if such sublease or contract had not been executed, and (iii) the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected by any such sublease or contract, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to execution of any such sublease or agreement.

The foregoing provisions are in addition to, and not in lieu of, any of the other provisions of this Lease relating to the use and operation of the Equipment.

Section 5.06. Repairs, Maintenance and Alterations. The Corporation will throughout the Lease Term, at its own cost and expense, keep the Equipment in good and tenantable repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operation will permit and will make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The Corporation shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in or to the Equipment, subject, however, in all cases to the following conditions:

(A) No alteration of any kind shall be made which would result in a violation of the provisions hereof; and

(B) All alterations to the Equipment shall become a part of the Equipment. With respect to any repairs, construction, restoration, replacement or alterations performed upon the Equipment by the Corporation during the Lease Term, in accordance with or as required by any provisions hereof, the Corporation agrees that:

(1) No work in connection therewith shall be undertaken until the Corporation shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and

governmental subdivisions having jurisdiction, and the Issuer agrees to join in the application for such permits or authorizations whenever such action is necessary;

(2) All work in connection therewith shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the municipality or other governmental subdivision wherein the Equipment is situated, and with all laws, ordinance, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Equipment, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and

(3) Workers' compensation coverage for all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Issuer or the Corporation, and general liability insurance (specifically covering this class of risk) for the mutual benefit of the Issuer and the Corporation in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate endorsement, if obtainable, upon the insurance referred to in Section 5.08 hereof. All such insurance shall be effected with financially sound and reputable insurance companies qualified to do business in the State, and, upon the Issuer's written request, the Corporation shall deliver to the Issuer all policies or certificates thereof or issued by the respective insurers endorsed "Premium Paid" by the company or agencies issuing the same or with other evidence of payment of the premiums satisfactory to the Issuer.

Section 5.07. Renewal and Replacement of Equipment. In any instance where the Corporation in its sole discretion determines that any items of such Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Corporation may remove such items from the Equipment and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Corporation substitutes and installs and transfers to the Issuer other machinery or equipment having equal or greater value (but not necessarily having the same function, provided such removal and substitution shall not impair operating utility).

In the event that the Corporation prior to such removal of items of Equipment has acquired and installed machinery or equipment with its own funds which has become Equipment for purposes of this Lease, the Corporation may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater utility.

The Corporation will promptly report to the Trustee in writing each such removal, substitution, sale and other disposition; provided, that no such report and payment need be made until after the amount on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time such reports must be made. The Corporation shall execute any instruments reasonably required by the

Issuer or the Trustee to evidence the transfer of the substituted machinery or equipment to the Issuer and its inclusion as Equipment leased under this Lease and as part of the Trust Estate.

Section 5.08. Liability and Casualty Insurance. The Corporation shall maintain the following insurance during the Lease Term at its sole cost and expense:

(A) Insurance against loss and/or damage to the Clay Center, including the Equipment, under a policy or policies covering such risks as are ordinarily insured against by similar municipal facilities, including, without limiting the generality of the foregoing, fire, lightning, windstorms, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, boiler insurance, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements and to the extent obtainable earthquake and pollution coverage, limited only as may be provided in the standard form of such endorsements at the time in use in the State. Such insurance shall be for not less than the full insurable value of the Clay Center. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of coinsurance provisions or otherwise, without the prior consent thereto in writing by the Issuer. The term "full insurable value" means the actual replacement cost of the Clay Center (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) after deduction for physical depreciation, specifically including the Equipment, and shall be determined from time to time at the request of the Trustee, but not more frequently than once every five years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case selected and paid for by the Corporation and approved by the Trustee.

(B) Comprehensive general public liability insurance and landlord's liability insurance, protecting the Issuer, the Trustee and the Corporation as their interests may appear, against liability for injuries to persons and/or property, occurring on, in or about the Equipment, in in such amounts as is customarily carried by like organizations in like activities of comparable size.

(C) Workers' compensation insurance respecting all employees of the Corporation in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided, that the Corporation may be self- insured with respect to all or any part of its liability for workers' compensation to the extent permitted by law.

(D) Fidelity insurance on the officers and employees of the Corporation in such amounts as is customarily carried by like organizations in like activities of comparable size.

Each policy of insurance obtained pursuant to subparagraphs (A), (B), (C) and (D) shall (i) be issued by a recognized, financially sound and responsible insurance company qualified under the laws of the State to assume the risks covered by such policy, and (ii) provide that such policy shall not be canceled without at least 10 days' prior written notice to each insured named therein. Any policy obtained pursuant to subparagraph (A) above shall further (i) name the Issuer, the Trustee and the Corporation as insureds, as their respective interests may appear, and (ii) provide that any loss thereunder not exceeding $25,000 shall be payable directly to the

Corporation, and any loss thereunder in excess of $25,000 shall be payable to the Trustee, and the Trustee shall have the exclusive right to receive the proceeds from such insurance and to receipt for claims thereunder. The Corporation shall have the right to receive the proceeds from any insurance maintained pursuant to subparagraphs (B), (C) and (D) above.

Upon the commencement of the term of this Lease and thereafter not less than 15 days prior to the expiration dates of the expiring policies, certificates issued by the respective insurers of the policies provided for in subparagraphs (A), (B) and (D) shall be delivered by the Corporation to the Trustee and, if requested, the Issuer. If requested in writing by the Trustee or the Issuer, the Corporation shall furnish the Trustee or the Issuer, as applicable, with the schedule of premium payment dates and receipted bills or other evidence satisfactory to the Trustee or the Issuer, as applicable, of the payment when due of all premiums for all policies of insurance at any time required to be maintained under the terms of this Lease.

Upon the written request of the Corporation, the Issuer may permit modification to the insurance coverage hereinabove provided, including but not limited to, permission for the Corporation to be self-insured in whole or in part or to enter into a pooled self-insurance program with other institutions for any such coverage or to substitute commercial insurance for self-insurance.

Notwithstanding any provision in this section, should the federal or state governments provide directly or indirectly by any method for the payment or limitation of claims referred to in subparagraph (B) of this section, for any period, the requirements of such subsection may be reduced for such period upon the written recommendation of the insurance consultant and with the consent of the Issuer.

Anything to the contrary in this Section 5.08 notwithstanding, the Corporation may satisfy the requirements for insurance under paragraphs (A) and (B), above, by obtaining insurance through the State Board of Risk and Insurance Management in the maximum amounts and for the coverages available.

Section 5.09. Trustee's Rights to Perform Corporation's Covenants; Advances. In the event the Corporation shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 hereof, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 hereof, (iii) maintain the Equipment in repair pursuant to Sections 5.05 and 5.06 hereof, (iv) procure the insurance required by Section 5.08 hereof, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed hereunder, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate of the lesser of (i) six percent (6%) or (ii) the highest amount then allowed by law, from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of this Section 5.09.

Section 5.10. Corporation Shall Manage, Operate and Administer Equipment. This Lease is a net lease, and the Issuer shall retain no rights with respect to the operation, management or administration of the Equipment, except as set forth herein with respect to an Event of Default. The Corporation shall have the sole right, subject to the terms of the Indenture and this Lease, during the term of this Lease, to operate, manage and administer the Equipment, including, but not limited to all decisions with respect to hiring and discharge of employees, acquiring and selling of equipment or additional property, incurring additional debt, adding or abandoning services and all other matters incidental to the operation, management and administration of the Equipment.

Section 5.11. Equipment Constitutes Personal Property. It is understood and agreed that the Equipment, whether annexed to the Clay Center or not, constitutes personal property.

Section 5.12. Sublease. Anything to the contrary in this Lease or the Indenture notwithstanding, Lessor hereby consents to the 1999 Sublease and to the execution and delivery by Lessee of a first amendment thereto, which Sublease provides for the payment of rentals by the City to Lessee, which Lessee shall apply toward the payment of the Rent specified in Section 4.02 hereof. Lessor has received a copy of the Sublease.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.01. Damage or Destruction. The Corporation agrees to notify the Issuer and the Trustee in writing immediately in the case of damage exceeding $25,000 in amount to, or destruction of, the Equipment or any part or portion thereof resulting from fire or other casualty. In the event that any such damage does not exceed $25,000, the Corporation will forthwith repair, reconstruct and restore the Equipment to substantially the same conditions as it existed prior to the event causing such damage and will apply the Net Proceeds of any insurance relating to such damage received by the Corporation to the payment or reimbursement of the costs of such repair, reconstruction and restoration. The Issuer agrees that the Net Proceeds of any insurance relating to such damage not exceeding $25,000 may be paid directly to the Corporation.

In the event the Equipment or any part or portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to equal or exceed $25,000, then the Corporation shall, within 90 days after such damage or destruction, elect one of the following two options by prior written notice of such election to the Trustee:

(A) OPTION A - REPAIR AND RESTORATION. The Corporation may elect to repair, reconstruct and restore the damaged Equipment. In such event the Corporation shall proceed forthwith to repair, reconstruct and restore the damaged Equipment to substantially the same condition as existed prior to the event causing such damage or destruction and will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Corporation from the Trustee to the payment or reimbursement of the costs of such repair, reconstruction and restoration. As long as the Corporation is not in default under Section 9.01(A) hereof, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Corporation upon the receipt of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

(ii) The written approval of such written request by an independent architect.

It is further understood and agreed that, in the event the Corporation shall elect this Option A, the Corporation shall complete the repair, reconstruction and restoration of the Equipment, whether or not the Net Proceeds of insurance received by the Corporation for such purposes are sufficient to pay for the same.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable

as a result of such damage or destruction applied to the prepayment of all the Rent payable hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

Section 6.02. Condemnation. This Lease and the interest of the Corporation hereunder shall terminate as to the Equipment or any part or portion thereof condemned or taken for any public or quasi-public use (or sold under the threat thereof) when title thereto vests in the party condemning, taking or acquiring the same (hereinafter referred to as the "termination date"). The Corporation hereby irrevocably assigns to the Issuer and to the Trustee, as their respective interests may appear, all right, title and interest of the Corporation in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation, taking or sale during the Lease Term. Such Net Proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided.

In the event of any such condemnation, taking or sale, the Corporation shall within 90 days after the termination date therefor elect one of the following two options by prior written notice of such election to the Trustee:

(A) OPTION A - REPAIRS AND IMPROVEMENTS. The Corporation may elect to use the Net Proceeds of the award made in connection with such condemnation, taking or sale for repairs and improvements to the Equipment. In such event, as long as the Corporation is not in default under Section 9.01(A) hereof, the Corporation shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the moneys legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(ii) If such net Proceeds equal or exceed $100,000 in amount, the written approval of such written request by an independent architect.

The Corporation agrees to apply any such Net Proceeds so received solely to the purposes specified in such written request.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable as a result of condemnation, taking or sale under threat of condemnation or taking applied to the prepayment of all the Rent payable hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

The Issuer and the Trustee shall (at the expense of the Corporation) cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof and will, to the extent

they may lawfully do so, permit the Corporation to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof without the written consent of the Corporation.

Section 6.03. Other Provisions with Respect to Net Proceeds. The Net Proceeds of any insurance or condemnation award received by the Issuer and the Trustee shall, at the written request of the Corporation, be deposited with the Trustee in a special trust account and invested or reinvested by the Trustee as agreed between the Trustee and the Corporation, subject to the Corporation's right to receive the same pursuant to Sections 6.01(A) and 6.02(A) hereof.

Section 6.04. Investment Limitations and Rebate on Insurance and Condemnation Proceeds. Notwithstanding the foregoing Sections, the proceeds of any insurance or condemnation, taking or sale award shall be invested, pending disbursement or use as provided in this Lease, at the written direction of the Corporation, as then permitted by applicable law, as evidenced by an opinion of Bond Counsel, it being the intent that such investments not adversely affect the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes, and any sums required to be rebated to the United States pursuant to Section 148(f) of the Code as a result of such insurance or condemnation, taking or sale proceeds or award or investments thereof shall be paid in the time and manner set forth in said Section 148(f).

ARTICLE VII

OTHER COVENANTS OF THE CORPORATION

Section 7.01. Maintenance of Corporate Existence and Status. The Corporation agrees that it will at all times maintain its existence as a nonprofit corporation organized, existing and qualified to do business under the constitution and laws of the State and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation. The Corporation further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its members, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Corporation; provided, however, that the Corporation may pay to any person, association or corporation the value of any service or product performed for or supplied to the Corporation by such person, association or corporation.

The Corporation, represents, warrants, covenants and agrees that: (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a letter or determination from the Internal Revenue Service to that effect; (iii) such letter has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter; (v) the facts and circumstances which form the basis of such letter continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from Federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code necessary to maintain such status.

The Corporation agrees that it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at the Clay Center or any of its other properties, or permit the Clay Center or any of its other properties, to be used in or for any trade or business, that may adversely affect the basis for the exemption under Section 501 of such Code.

The Corporation (or any related person, as defined in Section 147(a)(l) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase any of the Series A Bonds.

Section 7.02. Merger, Etc. The Corporation will not dispose of all or substantially all of its assets as an entirety (whether by liquidation, dissolution or otherwise) and will not consolidate with or merge into another corporation unless the resulting, surviving or transferee corporation, as the case may be, (i) is a nonprofit corporation organized under the laws of the United States of America, or any state or territory thereof, (ii) shall expressly assume in writing the obligations of the Corporation contained in this Lease, (iii) will not then be in default under the terms of this Lease, (iv) is, by virtue of a ruling from the Internal Revenue Service to such effect, exempt from Federal income taxes under Sections 501(c)(3) and 501(a) of the Code and is not a "private foundation" as defined in Section 509 of the Code, and (v) the exclusion of the interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected thereby, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to any such event.

Upon any such merger or consolidation the Corporation or the surviving corporation shall deliver to the Trustee a certificate signed by its President or its Chairman and by its chief financial officer demonstrating that all of the foregoing conditions have been satisfied, which certificate shall be supported by reports or opinions signed by its independent certified public accountants and Bond Counsel.

Section 7.03. Financial Statements, Etc. The Corporation covenants that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions relating to the Equipment, in accordance with generally accepted principles of accounting consistently maintained, and will upon request furnish to the Issuer, the Trustee and any requesting Holder or Holders of 10% or more in aggregate principal amount of Bonds then Outstanding:

(A) Within 120 days after the last day of each of its fiscal years, a certificate of the Corporation signed by its President, Chairman or chief financial officer, stating that the Corporation has made a review of its activities during the preceding fiscal year for the purpose of determining whether or not the Corporation has complied with all of the terms, provisions and conditions hereof and that the Corporation has kept, observed, performed and fulfilled each and every covenant, provision and condition hereof on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if the Corporation shall be in default such certificate shall specify all such defaults and the nature thereof; and

(B) Such additional information as the Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding may reasonably request concerning the Corporation in order to enable the Trustee or such Holder to determine whether the covenants, terms and provisions hereof have been complied with by the Corporation.

Without limiting the foregoing, the Corporation will permit any Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding (or such persons as such Holder may designate) to visit and inspect the Equipment at the expense of such Holder.

The Trustee shall have no duty to review or analyze any information delivered to it under this Section and shall hold such information solely as a repository for the benefit of the Holders, and the Trustee shall not be deemed to have notice of any information contained therein or Event of Default that may be disclosed therein in any manner.

Section 7.04. No Representation by Issuer as to Condition or Suitability. The Corporation acknowledges (i) that the Issuer has acquired its interest in the Equipment at the request of the Corporation in connection with the Series 1999 Bonds and that the Corporation has examined the Equipment and knows the condition thereof and under this Lease accepts the same in said condition, (ii) that the Issuer has made no warranty, either express or implied, as to the conditions of the Equipment or any part or portion thereof or that the Equipment will be

suitable for the Corporation's purposes or needs, and (iii) that the Corporation in entering this Lease is relying solely upon its own knowledge of the Equipment.

Section 7.05. Liens and Encumbrances. The Corporation covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon the Equipment or upon any income or proceeds of the Corporation in respect of the Equipment, except Permitted Encumbrances.

Section 7.06. Corporation Authorization. The Corporation covenants and warrants that it is duly authorized, under the laws of the State and under all other applicable provisions of law, to execute and deliver the Sublease and this Lease, that all corporate and other action on its part for the authorization of the Sublease and this Lease has been duly and effectually taken, that the Sublease and this Lease are and will be valid and enforceable obligations of the Corporation, and that the Corporation now has or will use its best efforts to obtain complete and lawful authority and privilege to maintain and operate the Equipment and that no permits, rights, franchises or privileges of the Corporation will be allowed to lapse or be forfeited so long as the same shall be necessary for the operations of the Equipment and that it will procure the extension or renewal of each and every right, franchise or privilege so expiring and necessary or desirable for the operation of the Equipment.

Section 7.07. Indemnity. The Corporation will pay, and will protect, indemnify and save the Issuer and the Trustee harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees, costs and expenses of the Issuer and the Trustee), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) Any injury to or death of any person or damage of property upon the Equipment, or growing out of or connected with the use, nonuse, condition or operation of the Equipment or a part thereof, any repairs, construction or alterations thereto or the condition of the Equipment;

(2) Violation of any agreement, warranty, covenant or condition hereof, except by the Issuer;

(3) Violation of any lease, contract, agreement or restriction by or upon the Corporation relating to the Equipment; and

(4) Violation of any law, ordinance, regulation or court order affecting the Equipment or a part or portion thereof or the ownership, occupancy or use thereof.

The provisions of this Section 7.07 shall survive the termination or expiration of this Lease or the Indenture or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 7.08. Maintenance of Security Interests. The Corporation will execute all instruments, including, without limitation, financing statements and continuation statements provided for by the Uniform Commercial Code of the State, deemed necessary or advisable in

the opinion of independent counsel for perfection of and continuance of the perfection of the liens and security interests created by this Lease and by the Indenture. However, all obligations of the Corporation under this Section 7.08 are subject to the conditions that the Issuer shall execute all instruments, including, without limitation, all such financing statements and continuation statements, required of it in the opinion of independent counsel, and will file and record all such instruments executed by the Corporation and the Issuer, or cause them to be filed and recorded, and shall continue the liens and security interests of all such instruments by appropriate re-filing and re-recording as specified in the opinion of independent counsel, or cause them to be so continued, for as long as any Bonds shall remain outstanding.

Section 7.09. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Corporation under this Lease, the Corporation further represents, warrants and covenants that the Corporation has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Equipment in any manner which violates Federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Equipment, and that, to the best of the Corporation's knowledge, no prior owner of the Equipment or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Equipment in any manner which violates or did violate existing applicable Federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Equipment. Without limiting the foregoing, the Corporation shall not cause or permit the Equipment or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable Federal, state and local laws, ordinances, rules or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Equipment or onto any other property that would create a material adverse effect on the Equipment. The Corporation shall substantially comply with and require compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Corporation shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Equipment in accordance with all applicable Federal, state and local laws, ordinances, rules, and regulations. In the event the Equipment is sold pursuant to the Indenture, or this Lease is terminated, the Corporation shall deliver, or cause to be delivered, the Equipment in a manner and condition that shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Equipment. For the purposes of this paragraph, Hazardous Materials includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of

1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable Federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Corporation may have to the Issuer and the Trustee at common law, and shall survive the termination of this Lease.

Anything to the contrary in this Lease notwithstanding, the covenants of the Corporation contained in this Section 7.09 shall remain in full force and effect after the termination of this Lease until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer, the Trustee or the Trustee relating to the enforcement of the provisions herein specified.

For the purposes of this Section 7.09, the Corporation shall not be deemed an employee, agent or servant of the Issuer or person under the Issuer's control or supervision.

Section 7.10. Certain Tax Covenants and Agreements. The Corporation and the Issuer hereby covenant and agree as follows:

(A) FEDERAL GUARANTEE PROHIBITION. The Issuer and the Corporation covenant and agree that neither the Issuer nor the Corporation shall take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(B) COVENANT TO MAINTAIN STATUS. The Corporation covenants and agrees to maintain its status as an organization described in Section 501(c)(3) and, as such, exempt from Federal taxation pursuant to Section 501(a) of the Code, as may be necessary to assure the exclusion from gross income for Federal income tax purposes of the interest on the Series A Bonds.

(C) CORPORATION OWNERSHIP OF FINANCED PROPERTY. The Corporation covenants and agrees that all property provided with the proceeds of the Series A Bond will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation or by a state or local governmental unit or any other entity whose ownership will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

(D) PROHIBITED FACILITIES. The Issuer and the Corporation covenant and agree that no portion of the proceeds of the Series A Bonds shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption of premises and that no portion of the net proceeds of the Series A Bonds will be used directly or indirectly to provide residential rental property for family units.

Section 7.11. Arbitrage and Tax Exemption. The Issuer and the Corporation each hereby covenant and agree that the Issuer and the Corporation (i) shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) will take all action that may be required of them (including, without implied limitation, the timely filing of a Federal information return with respect to the Series A Bonds) so that the interest on the Series A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any action or permit or suffer any action to be taken, which would adversely affect such exclusion.

Section 7.12. Compliance with Rebate. The Corporation covenants and agrees that it shall take any and all actions necessary to assure compliance with Section 7.02 of the Indenture. In particular and without limitation, if not performed by the City, it shall directly or through independent consultants: (i) perform the calculations required by Section 7.02 of the Indenture; (ii) assure the payments required by Section 7.02 of the Indenture; (iii) maintain the records required by Section 7.02 of the Indenture; (iv) pay all fees, costs and expenses (including but not limited to attorney's fees, costs and expenses) incurred by the Issuer or the Trustee in connection with compliance with Section 7.02 of the Indenture, including compensation due to independent consultants employed pursuant to Section 7.02 by the Issuer or the Trustee; (v) coordinate and cooperate in any and all respects necessary to assure compliance with Sections 7.02 of the Indenture; (vi) provide any certificate as to any exemption from the requirements of Section 148(f) of the Code as set forth in Section 7.02 of the Indenture; and (vii) take such other actions necessary to comply with Section 7.02 of the Indenture.

ARTICLE VIII

COVENANTS OF THE ISSUER

Section 8.01. Restriction on Sale. The Issuer and the Corporation acknowledge and agree that the rentals payable under this Lease are assigned to the Trustee as security for the Bonds issued under the Indenture and that the Issuer has entered into certain covenants with the Trustee in the Indenture which may affect the Equipment and this Lease in the event of default hereunder. The Issuer agrees that, so long as the Corporation is not in default hereunder, it will not, except as contemplated herein and in the Indenture, enter into any other contract or agreement affecting this Lease, the rentals payable hereunder or the Equipment in any way, or assign the same as security for any other obligations of the Issuer, without the prior written consent of the Corporation.

Section 8.02. Redemption of Bonds. If the Corporation is not in default hereunder, the Issuer, at the request at anytime of the City, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of the then outstanding Bonds on the earliest redemption date on which such redemption may be made under such applicable provisions.

Section 8.03. Nature of Issuer's Covenants. The Corporation acknowledges and agrees that any obligation of the Issuer created by or arising out of this Lease shall be payable solely out of the proceeds derived from this Lease, the sale of the Bonds and any insurance and condemnation award received by the Trustee pursuant hereto. The foregoing limitation shall not, however, preclude the Corporation from seeking injunctive relief in any court to compel the Issuer to perform any such obligation.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 9.01. Events of Default Defined. The following shall be "events of default" under this Lease and the terms Event of Default or Default shall mean any one or more of the following events:

(A) Failure of the Corporation to pay the Rent required to be paid under Section 4.02 hereof as when due and payable; or

(B) Failure of the Corporation to perform any other covenant, condition or provision hereof and to remedy such failure within 90 days after notice thereof from the Issuer or the Trustee to the Corporation; or

(C) If any representation or warranty made by the Corporation in any statement or certificate furnished to the Issuer or the Trustee in connection with the sale of the Bonds or furnished by the Corporation pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 90 days after notice thereof to the Corporation by the Issuer or the Trustee; or

(D) If default shall occur in the payment of the principal of or interest on any obligation of the Corporation for borrowed money, as and when the same shall become due, or under any mortgage, agreement, document or other instrument under or pursuant to which such indebtedness is issued, and such default shall continue beyond the period of grace, if any, allowed with respect thereto and action is commenced to accelerate such obligation or to foreclose on any security with respect thereto; or

(E) If the Corporation admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for the Corporation, or for any part or portion of its property; or

(F) If a trustee or receiver is appointed for the Corporation or for any part of its property and is not discharged within 60 days after such appointment; or

(G) If bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Corporation, and if instituted against the Corporation are allowed against the Corporation or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(H) If the Corporation abandons the Equipment (except as permitted by this Lease) for a period of 30 consecutive days; or

(I) If the Corporation shall default in the payment of any indebtedness owed by the Corporation to any holder of Bonds.

Section 9.02. Remedies on Default. If any Event of Default shall occur and be continuing, the Issuer may, at its option and with the consent of the Trustee, exercise any one or more of the following remedies:

(A) The Issuer may terminate this Lease by giving to the Corporation notice of the Issuer's intention so to do, in which event the Lease Term shall end, and all right, title and interest of the Corporation hereunder shall expire, on the date stated in such notice, which shall not be less than 10 days after the date of the notice by the Issuer of its intention so to terminate; or

(B) The Issuer may terminate the right of the Corporation to possession of the Equipment or any portion thereof by giving notice to the Corporation that the Corporation's right of possession shall end on the date stated in such notice, which shall not be less than 10 days after the date of notice by the Issuer of its intention so to terminate; or

(C) The Issuer may enforce the provisions of this Lease and may enforce and protect the right of the Issuer hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy; or

(D) The Issuer may accelerate and declare all future Rent hereunder to be immediately due and payable, provided, however, that Rent payable as interest on the Bonds upon any such acceleration shall be limited to the interest due on the Bonds until payment of the Bonds and the interest thereon in full; or

(E) The Issuer may, upon written notice to the Corporation, revoke or rescind any and all rights and options of the Corporation hereunder.

Section 9.03. Right of Re-Entry. If the Issuer exercises either of the remedies provided for in subparagraph (A) or (B) of Section 9.02, the Issuer may then or at any time thereafter enter the Clay Center and take complete and peaceful possession of the Equipment or any part or portion thereof, with or without process of law, and may remove such Equipment or any part or portion thereof, and the Corporation covenants that, in any such event it will peacefully and quietly yield up and surrender the Equipment and any part or portion thereof to the Issuer.

Section 9.04. Right to Sublet or Relet. If the Issuer terminates the Corporation's right of possession pursuant to subparagraph (B) of Section 9.02, the Issuer may enter the Clay Center and take possession of all or any part or portion of the Equipment, may remove any part or portion of the Equipment which the Issuer elects so to do, and may sublet or relet the Equipment or any part or portion thereof from time to time for all or any part of the unexpired part of the then Lease Term or for a longer period, and the Issuer may collect the rents from such reletting or subletting and apply the same, first, to the payment of the expense of removing and reletting

the Equipment, and second, to the payment of the rents payable hereunder and in the event that the proceeds from such reletting and subletting are not sufficient to pay in full the foregoing, the Corporation shall remain and be liable therefor, and the Corporation promises and agrees to pay the amount of any such deficiency from time to time and the Issuer may at any time and from time to time sue and recover judgment for any such deficiency or deficiencies.

Section 9.05. Damages in the Event of Termination. In the event of the termination of this Lease by the Issuer pursuant to Section 9.02 hereof, the Issuer shall be entitled to recover immediately from the Corporation: (i) the aggregate principal amount of all Bonds then outstanding; (ii) the total amount of all unpaid interest accrued or to accrue until payment of all Bonds; (iii) the amount of redemption premium, if any; and (iv) such amounts as will be sufficient to pay all costs and expenses, including attorneys' fees, which the Issuer and the Trustee shall have sustained by reason of the breach of any of the covenants of this Lease other than for the payment of rent.

Section 9.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or be statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 9.07. Agreement to Pay Attorneys' Fees, Costs and Expenses. In the event the Corporation should default under any of the provisions of this Lease and the Issuer, the Trustee should employ attorneys or incur other costs or expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer the reasonable fees, costs and expenses of such attorneys and such other costs or expenses so incurred by the Issuer or the Trustee.

Section 9.08. No Additional Waiver Implied by One Waiver. In the event the breach of any agreement contained herein should be waived by either party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.09. Waiver of Stay or Extension Laws. The Corporation covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Lease or the Indenture; and the Corporation (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or

the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE X

GENERAL

Section 10.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer, the City, the Corporation and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated hereby. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:
Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301
Attention: Chairman

To the City:
The City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330
Attention: City Manager

To the Corporation:
Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301
Attention: President

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

Section 10.02. Assignment of Lease. The Corporation shall not, without the prior written consent of the Issuer and the Trustee, assign this Lease or any part or portion hereof. Simultaneously with the delivery hereof, this Lease has been assigned by the Issuer, pursuant to and by the Indenture, to the Trustee in accordance with the terms of the Indenture and this Lease.

Section 10.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer and the Corporation and their respective successors and permitted assigns.

Section 10.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the issuance of the Bonds and before the Indenture is satisfied and discharged in accordance with its terms, this Lease may not be effectively amended, changed, modified, altered or terminated nor may any provision be waived hereunder, without the written consent of the Trustee, provided, however, that no consent of the Trustee or the Issuer shall be necessary for any addition, deletion, amendment, change, modification, alteration, termination or waiver as may be necessary to assure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes.

Section 10.06. Approval of Indenture and Bonds. The Corporation hereby approves the Indenture and accepts all provisions contained therein. The Corporation hereby approves the issuance of the Bonds as prescribed in the Indenture.

Section 10.07. Survival. All covenants, agreements, representations or warranties contained herein or in any certificates delivered pursuant hereto, shall survive delivery and termination of this Lease and payment of the Bonds, notwithstanding any specific reference herein to the survival of particular provisions or sections.

Section 10.08. Execution Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.09. Governing Law. The terms of this Lease shall be governed by the laws of the State, without regard to conflict of law principles.

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.**, have caused this Lease to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Secretary

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

_____
Its President

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 24th day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: April 6, 2014

(STAMP)

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 23rd day of February, 2010, by Judith L. Wellington, Ph.D., the President of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: December 16, 2019

(STAMP)

NOTARY PUBLIC OFFICIAL SEAL
ROBIN B. MORRIS
State of West Virginia
My Commission Expires December 16, 2019
605 MARGARET STREET CHARLESTON, WV 25301

Notary Public

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on FEB 25 2010 and the same is admitted to record.

Teste: Tera J. McCormick Clerk

Kanawha County Commission

Original

EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this "Equipment Lease"), made as of the 1st day of June, 1999, is by and between the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia, not-for-profit corporation ("Sublessor"), party of the first part, and the CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia ("Sublessee"), party of the second part.

WHEREAS, Sublessor has asked Sublessee for a contribution to construct and equip the Center for Arts and Sciences of West Virginia (the "Facility") to be located on the block bounded by Broad Street, Lee Street, East, Brooks Street and Washington Street, East, in the City of Charleston, West Virginia, as more fully described in **EXHIBIT A – REAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has agreed to contribute to the cost of the Facility by providing funds to finance the cost of acquiring and installing certain personal property (the "Personal Property"), as more fully described in **EXHIBIT B – PERSONAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has asked the Charleston Building Commission (the "Commission") to issue its revenue bonds, the proceeds of which will be used to finance the expense of acquiring and installing the Personal Property;

WHEREAS, the Commission will lease the Personal Property to Sublessor under the terms of a Contract of Lease-Purchase (the "Contract of Lease-Purchase") dated as of June 1, 1999, between the Commission and Sublessor;

WHEREAS, the Commission intends to issue its revenue bonds denominated as $2,895,000 Charleston Building Commission, Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds"), the principal and interest of which are payable from rentals received by Sublessor pursuant to the terms of this Equipment Lease and paid by Sublessor to the Commission pursuant to the terms of the Contract of Lease-Purchase;

WHEREAS, Sublessor will approve the plans and specifications for the Personal Property and will direct and supervise the installation thereof; and

WHEREAS, the issuance of the Bonds requires Sublessor and Sublessee to enter into this Equipment Lease.

NOW, THEREFORE, THIS EQUIPMENT LEASE WITNESSETH:

The parties hereto covenant and bind themselves as follows:

1. Term; Notices. The term of this Equipment Lease, subject to the provisions hereof, shall begin on the date hereof and shall terminate as of the date of payment in full of the rentals specified hereunder and the payment in full of principal of and interest on the Bonds

GOODWIN & GOODWIN
Real Estate Department
P. O. Box 2107
Charleston, WV 25328

06
BOOK/PAGE : 244- / 241-
KANAWHA COUNTY, WV
DTE/TIME RECORDE06/23/1999 11:31:39:00
INST #: 717185 TYPE: LEASE
CLERK OF THE COUNTY COMMISSION
TOTAL REC0/DUE: 5.00 .00

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Personal Property, on or before the 1st day of each month during the term of this Equipment Lease commencing on December 1, 1999, Eighteen Thousand Seven Hundred Fifty and 00/100 Dollars ($18,750.00) per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Contract of Lease-Purchase and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Trust Indenture dated as of June 1, 1999, by and between the Commission and Bank One, West Virginia, National Association, as Trustee (the "Trustee") (the "Indenture"), as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to Bank One, West Virginia, National Association, as Trustee under the Indenture, at its Corporate Trust Office, currently located at 707 Virginia Street, East, Charleston, West Virginia 25301.

Upon payment of all rental payments required hereunder, and such other sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds at maturity, Sublessee shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property. Sublessor covenants that it will provide thirty (30) days prior written notice to Sublessee in the event it elects to pay such sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds, in addition to the rental payments required hereunder.

3. Maintenance. Upon installation of the Personal Property by Sublessor, Sublessor shall maintain the Personal Property in good condition equal to its condition at the time of installation thereof, normal wear and tear excepted.

4. Taxes and Assessments. Sublessor will pay all taxes and assessments, if any, levied on the Personal Property during the term of this Equipment Lease.

5. Assignment. Sublessor reserves the right to assign its interest in the Personal Property in whole or in part without Sublessee's consent, but the making of any such assignment shall not release Sublessor from or otherwise affect, in any manner, any of Sublessor's ogligations hereunder, provided, however, that Sublessor shall not assign its interest in the Personal Property or any part thereof in such manner as will cause the Bonds to constitute "private activity bonds" as such term is defined in Section 141 of the Internal Revenue Code of 1986, as amended, or any successor legislation, or in any manner which will cause the interest on the Bonds to be included in gross income of the holder thereof for federal income tax purposes.

6. Neglect of Premises. Sublessor covenants that it will not commit waste on the Personal Property and that the Personal Property will be returned to the Commission at the termination of this Equipment Lease in substantially as good a condition as at the commencement thereof, damages from

natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.

7. Default by Sublessor. In the event Sublessor defaults in any of the covenants contained herein, Sublessee shall notify the Commission and the Trustee, in writing, of such default and if such default is not corrected within ninety (90) days after receipt of notification, Sublessee may notify the Commission and the Trustee that this Equipment Lease is terminated, and return control and ownership of the Personal Property to the Commission, unless Sublessor exercises its right to purchase the Personal Property pursuant to paragraph 13 herein.

8. Damage to Personal Property by Fire, Etc. It is agreed by and between the parties hereto that Sublessor shall insure the Personal Property in an amount equal to its fair market value. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued use thereof by Sublessor would be impractical, Sublessor shall give immediate notice thereof to Sublessee, and may, at its option, exercise its right to purchase the Personal Property pursuant to paragraph 13 herein. The proceeds of any such insurance claim shall be applied as provided in the Indenture.

9. Provisions for Immediate Termination. It is further agreed by and between the parties hereto that this Equipment Lease shall be considered cancelled, without further obligation on the part of Sublessee, if City Council of Sublessee should subsequently fail to budget sufficient funds to fulfill its obligations under this Equipment Lease. Such obligations include the payment of funds in an amount sufficient to permit Sublessor to fulfill its obligations under the Contract of Lease-Purchase. In such event, Sublessee may immediately redeliver its leasehold interest in the Personal Property to Sublessor and thereupon be relieved from any and all obligations hereunder or concerning the Personal Property except for rent accruing prior to such date of redelivery, or Sublessor may exercise its right to purchase the Personal Property pursuant to the provisions of paragraph 13 herein.

10. Possession of Personal Property. Sublessor covenants that upon acquisition of the Personal Property it will be in possession of the Personal Property, subject to any "Permitted encumbrances," as such term is defined in the Indenture. Sublessee grants to Sublessor, and Sublessor shall have the exclusive right to use, possess and control the Personal Property during the term of this Equipment Lease, subject to the conditions set forth herein.

11. Cancellation of Equipment Lease. It is further agreed by and between the parties hereto that Sublessee shall have the right to cancel this Equipment Lease without further obligation on its part upon giving thirty (30) days' written notice to Sublessor, the Commission and the Trustee, such notice being given at least thirty (30) days prior to the last day of the succeeding month (§8-12-11, West Virginia Code).

12. Removal of Personal Property. It is understood and agreed that all Personal Property installed by Sublessor, whether annexed to the freehold or not, shall remain the property of the Commission, and Sublessor shall only have the privilege and right to remove the same during the term of this Equipment Lease provided the Facility is restored to as good a condition as existed prior to installation of said Personal Property, reasonable wear and tear excepted, and provided that all payments of principal and interest on the Bonds have been paid in full.

13. Right to Purchase. Sublessor reserves the right to purchase the Personal Property at any time for a sum equal to the remaining principal amount of the Bonds, plus any applicable redemption premium and interest accrued to the date of such purchase and payment therefor. Upon exercise of such right by Sublessor, Sublessee, at the time of consummation of said sale, shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property, subject to all reservations, exceptions, conditions or other like limitations under and by which Sublessor is bound.

14. Supervision of Installation. Sublessor hereby covenants to supervise and direct the acquisition and installation of the Personal Property. Sublessor hereby accepts such obligation, relieves Sublessee of any responsibility related to the same, and expressly assumes all rights, obligations and responsibilities for supervising and directing the acquisition and installation of the Personal Property.

15. Indemnity. Sublessor shall indemnify and hold Sublessee and the Commission and its respective officers, members and employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or occupancy of, or from any work or thing done on, the Facility and the Personal Property during the term of this Equipment Lease, and against and from all claims arising during the life of this Equipment Lease from (a) the Bonds or any documents executed by the Commission or Sublessee in connection therewith, (b) any condition of the Facility and the Personal Property caused by Sublessor, (c) any breach or default on the part of Sublessor in the performance of any of its obligations under this Equipment Lease or the Contract of Lease-Purchase, (d) any act of negligence of Sublessor or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or lessee of Sublessor, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of Sublessor in connection with the acquisition and installation of the Personal Property during the term of this Equipment Lease. Any indemnified party seeking to enforce the above indemnity shall give Sublessor notice of and the opportunity to defend any claims with respect to which indemnity is sought to be enforced hereunder, in which event Sublessor shall either (i) employ counsel reasonably acceptable to such party to defend such claims and pay all costs and expenses in connection with such defense, or (ii) permit such party to defend such claims itself through counsel of its own choosing in which event Sublessor shall indemnify and hold such party harmless from and against all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in or in connection with any action or proceeding brought with respect to such claims. Upon notice from such party, Sublessor shall proceed under option (i) above and defend them or either of them in any such action or proceeding and pay all such costs and expenses, and if Sublessor fails or refuses to do so, Sublessor shall be deemed to have agreed that such party may proceed under option (ii) above.

16. Notices. Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

To Sublessor

Center for the Arts and Science of West Virginia, Inc.
1426 Kanawha Boulevard, East
Charleston, WV 25301

To Sublessee

City of Charleston
P.O. Box 2749
Charleston, WV 25330
Attn: City Manager

17. Parties Bound. The covenants and conditions herein contained shall apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

18. Time of the Essence. Time is of the essence of this Equipment Lease, and of each and every covenant, term, condition and provision hereof.

19. Headings. The headings to the various paragraphs of this Equipment Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Equipment Lease.

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

By: _____

Its: President / CEO

CITY OF CHARLESTON

By: _____
Mayor

Prepared by:
W. K. Bragg, Jr.
GOODWIN & GOODWIN, LLP
P.O. Box 2107
Charleston, WV 25328

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22nd day of June, 1999, by R. Mitchell, as President of the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia not-for-profit corporation, on behalf of said corporation.

My commission expires 12/22/2003.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
318 Morrison Building
815 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22 of June, 1999, by G. Kemp Melton, mayor of the CITY OF CHARLESTON, a municipality and political subdivision of the State of West Virginia, for said municipality.

My commission expires 12/22/2003.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
318 Morrison Building
815 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

Exhibit A

All that certain tract or parcel of land situate in the City Charleston, Kanawha County, West Virginia, and generally described as follows:

Being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street, and on the East by Brooks Street, having an area of 4.7 acres, more or less.

Exhibit B

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Science of West Virginia

Exterior Fence
Site/Street Furnishings
Trees, Plants
Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on JUN 23 1999 and the same is admitted to record.
Teste: Clerk
Kanawha County Commission

LEASE 258 686
Recorded In Above Book and Page
02/25/2010 03:06:49 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax 0.00
Recording Fee 12.00
TOTAL 12.00

FIRST AMENDMENT TO EQUIPMENT LEASE

Between

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,
Sublessor

and

THE CITY OF CHARLESTON, WEST VIRGINA,
Sublessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

FIRST AMENDMENT TO EQUIPMENT LEASE

This First Amendment to Equipment Lease (hereinafter called the "First Amendment") dated as of February 1, 2010, supplementing and amending the Equipment Lease dated as of June 1, 1999, both by and between the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as Sublessor (hereinafter called the "Corporation" or "Sublessor"), and **THE CITY OF CHARLESTON, WEST VIRGINIA**, a municipal corporation and political subdivision of the State of West Virginia, as Sublessee (hereinafter called the "City" or "Sublessee").

WITNESSETH:

WHEREAS, pursuant to an Equipment Lease dated as of June 1, 1999, and of record in the office of the Clerk of the County Commission of Kanawha County in Lease Book 244 at page 241 (the "Original Equipment Lease"), Sublessor leased to Sublessee certain equipment and other personal property (the "Equipment") to be used in connection with the Clay Center for the Arts and Sciences of West Virginia (the "Clay Center");

WHEREAS, the Sublessor leases the Equipment from the Charleston Building Commission (the "Issuer") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract"), which 1999 Lease-Purchase Contract is being replaced and superseded contemporaneously herewith by an Agreement and Lease dated as of the date of this First Amendment between the Issuer, as lessor, and the Sublessor, as lessee (the "Lease Agreement");

WHEREAS, the acquisition and installation of the Equipment was financed through the issuance by the Charleston Building Commission (the "Issuer"), pursuant to a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), of $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds");

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt – Bank Qualified) in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to a Bond Trust Indenture dated as of the date of this First Amendment (the "Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of the Lease Agreement and the Original Equipment Lease, as supplemented and amended by this First Amendment (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due; and

WHEREAS, it is necessary and desirable to make certain amendments to the Original Equipment Lease in order to reflect the terms of the Bonds and the Lease Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

1. **Terms**. From and after the execution and delivery of this First Amendment, the following terms as used in the Sublease shall have the following meanings:

A. "Bonds" shall mean the Series 2010A Bonds and the 2010B Bonds.

B. "Equipment Lease" shall mean the Original Equipment Lease as supplemented and amended by this First Amendment and is sometimes referred to herein as the Sublease.

C. "Contract of Lease-Purchase" or similar terms shall mean the Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation.

D. "Indenture" or "Trust Indenture" shall mean the Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee.

E. "Trustee" shall mean The Bank of New York Mellon, as Trustee

2. **Amendments.**

A. The first three paragraphs of Section 2 of the Original Equipment Lease are hereby amended and restated to read as follows:

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Equipment, on or before the 1st day of each month during the term of this Equipment Lease, commencing on March 1, 2010, $17,995 per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Agreement and Lease dated as of February 1, 2010, which replaced and superseded the Contract of Lease-Purchase, and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), by and between the Commission and The Bank of New York Mellon, as Trustee (the "Trustee"), as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to The Bank of New York Mellon, as Trustee under the Indenture, at its corporate trust office currently located at 385 Rifle Camp Road, 3rd Floor, West Paterson, New Jersey 07424.

B. Exhibit B to the Original Equipment Lease is hereby amended and restated to read as follows:

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Sciences of West Virginia

Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector
Planetarium equipment

IN WITNESS WHEREOF, CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., and **THE CITY OF CHARLESTON, WEST VIRGINIA**, have caused this First Amendment to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Its President

THE CITY OF CHARLESTON, WEST VIRGINIA

Its Mayor

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 23rd day of February, 2010, by Judith L. Wellington, Ph.D., the President of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: December 16, 2019

(STAMP)

NOTARY PUBLIC OFFICIAL SEAL
ROBIN B. MORRIS
State of West Virginia
My Commission Expires December 16, 2019
605 MARGARET STREET CHARLESTON, WV 25301

Robin B. Morris
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 24th day of February, 2010, by Danny Jones, the Mayor of THE CITY OF CHARLESTON, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia, on behalf of the municipal corporation and political subdivision.

My commission expires: April 4, 2014

(STAMP)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SAMME L. GEE
Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322
My Commission Expires April 4, 2014

Notary Public

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on FEB 25 2010 and the same is admitted to record.

Teste: Tera J. McCormick Clerk

Kanawha County Commission

CHARLESTON BUILDING COMMISSION
$2,225,000 LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED)

TAX AND NO-ARBITRAGE CERTIFICATE

The undersigned Chairman of the Charleston Building Commission (the "Commission" or the "Issuer"), and Mayor of The City of Charleston, West Virginia (the "City"), being the officials of the Issuer and City responsible in connection with the issuance of the $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Bonds"), and the undersigned President of the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), hereby certify as follows, and as applicable:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"). We, the Chairman of the Issuer and the Mayor of the City, respectively, are duly charged with the responsibility of issuing the Bonds and the application of the proceeds thereof. We are familiar with the facts, circumstances and estimates herein certified and are duly authorized to execute and deliver this certificate on behalf of the Issuer and the City. Capitalized terms used herein and not otherwise defined herein shall have the same meanings as set forth in the Bond Trust Indenture, dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee").

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of its obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer, the City and the Corporation in existence on February 25, 2010, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof (the "Issuance Date"), and to the best of our knowledge and belief, the expectations of the Issuer, the City and the Corporation set forth herein are reasonable.

5. In the Indenture and the Lease, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, (ii) it will comply with, or cause compliance with, the Code and all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and will take such actions, and refrain from taking such actions, or cause to be taken or refrained from being taken actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions

may be contrary to any of the provisions of the Indenture or the Lease, and (iii) it will file, or assist the City in the filing of, any reports or statements, and shall take any other action as may be required from time to time, with respect to the reporting requirements of Section 149(e) of the Code. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. In the Lease, the Corporation has covenanted that (i) proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 148 of the Code, and (ii) it will provide and insure the proper and timely filing of a statement concerning the issue of which the Bonds are a part, on behalf of the Issuer, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, containing such information as is required under Section 149(e) of the Code.

7. The Bonds were exchanged and delivered to Crews & Associates, Inc. (the "Original Purchaser"), on February 25, 2010, for an aggregate purchase price of $2,213,505.30 (which represents the par value of $2,225,000, less an original issue discount of $11,494.70). No accrued interest has been or will be paid on the Bonds. Accordingly, the Sale Proceeds of the Bonds were $2,213,505.30. In addition, there was an Underwriter's discount of $42,000.

8. The Bonds are being delivered simultaneously with the delivery of this certificate and proceeds of the Bonds, along with other funds, will be used for the purpose of: (i) refunding and redeeming the entire outstanding principal balance and all accrued interest on the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, issued in the original aggregate principal amount of $2,895,000 and outstanding on the date hereof in the aggregate principal amount of $2,175,000 (the "1999 Bonds"), and (ii) paying the costs of issuance of the Bonds and related costs.

9. The sources and uses of the proceeds of the Bonds are as follows:

SOURCES	
Bonds Proceeds (sale proceeds)	$2,213,505.30
Transfer from Existing Funds (transferred proceeds)	88,564.53
Total	$2,302,069.83
USES	
Deposit with Escrow Agent	$2,259,971.26
Underwriter's Discount	42,000.00
Costs of Issuance	98.57
Total	$2,302,069.83

10. The refunding of the 1999 Bonds is a current refunding, with the redemption of the 1999 Bonds to occur within 90 days from the date hereof. The Issuer has entered into an Escrow Agreement (the "Escrow Agreement") dated the date hereof with The Bank of New York Mellon, as Escrow Agent. Provision will be made for the payment of the Bonds by placing into the Escrow Fund established under the Escrow Agreement, cash sufficient to pay the redemption price of the 1999 Bonds, being 102% of par plus accrued interest, on March 29, 2010 (the "Redemption Date"). Any amounts remaining in the Escrow Fund after the 1999 Bonds have been discharged and all fees and expenses in connection therewith have been paid will be deposited into the Bond Fund and applied to the interest next coming due on the Bonds.

11. The proceeds deposited into the Costs of Issuance Account will be expended within 60 days from the date hereof to pay a portion of the costs of issuance of the Bonds and of refunding and redemption of the 1999 Bonds. Any funds remaining on deposit in the Costs of Issuance Account on April 26, 2010, will be deposited into the Bond Fund and applied to the interest next coming due on the Bonds. The amount designated as "Cost of Issuance" of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds and refunding of the Series 1999 Bonds. The Issuer is contemporaneously with the issuance of the Bonds issuing $55,000 in principal amount of taxable bonds to pay the remaining costs of issuing the Bonds (and such taxable bonds) and refunding the Series 1999 Bonds.

12. The Issuer, the City and the Corporation shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer, the City or the Corporation to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code. The Issuer, the City and the Corporation will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excludable from gross income for federal income tax purposes.

13. The Bonds bear interest payable on June 1 and December 1 of each year and mature or are subject to mandatory sinking fund redemption on June 1 of each year from 2011 up to and including 2024. The Bond Fund has been created under the Indenture for the purpose of such payment. Moneys in the Bond Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due and the redemption price of any Bonds called for redemption. Moneys deposited to the Bond Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds. The Bonds all bear interest at a fixed rate, and the average maturity of the Bonds is in excess of 5 years. The Bond Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. All moneys held in the Bond Fund will be used to pay debt service on the Bonds. Any Proceeds of the Bonds deposited in the Bond Fund, including any funds remaining in the Escrow Fund once the 1999 Bonds have been discharged, will be applied to pay interest on the Bonds on the first interest payment date occurring after such funds become available. The Bond Fund qualifies as Bona Fide Debt Service Fund, and all moneys in the Bond Fund may be invested without restriction as to yield and are not subject to rebate.

14. No reserve or replacement fund is being established for the Bonds.

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

16. The Issuer, the City and the Corporation covenant and agree to comply with the rebate requirements of the Code if not exempted therefrom. If not so exempt, the City covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Also if not so exempt, the City further covenants to make the deposits required by Section 7.02 of the Indenture and to pay, or cause to be paid, to the United States the rebatable arbitrage in accordance with Section 148(f) of the Code and the Regulations. The Issuer shall cause such payments, if any, to be remitted to the United States at the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by the Regulations. In the event the City fails to make such rebate payments as required, the City shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer shall maintain records as required by the Code. In addition, the Issuer, the City and the Corporation covenant to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code and covenant to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Indenture.

17. Under the Indenture, the Issuer and the Owners of the Bonds, as defined in the Indenture, may amend or supplement the Indenture to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Bonds

18. The Issuer and the City shall comply with any and all yield restrictions on the proceeds of the Bonds as set forth in the Code.

19. No portion of the proceeds of the Bonds will be used, directly or indirectly to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

20. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates, the execution and delivery of the Bonds are not occurring sooner than otherwise necessary, and the Bonds are not in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

21. Except for the Corporation in accordance with the notice and public hearing held pursuant to Section 147 of the Code, none of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a "governmental unit" within the meaning of Section 145 of the Code. The Corporation and the City have used and intend to use the Equipment, and not more than five percent (5%) of the net proceeds of the Bonds will be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business or private business use, during the combined measurement period, being the period beginning on the later of the date of issue (June 23, 1999) of the Bonds To Be Refunded or the date on which the Equipment was placed in service and ending on the earlier of the last day of the expected useful life of the Equipment or the latest maturity date of the Bonds.

22. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue.

23. The Issuer has not entered and will not enter into any transaction to reduce the yield on an investment of the gross proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the yield on the Bonds not been relevant to either party to the transaction, and that any investments of gross proceeds will be made on an arm's length, fair market value basis.

24. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer, the City or the Corporation that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the yield on the Bonds. Specifically, although there were fund drives in connection with the Clay Center, the proceeds of the 1999 Bonds did not take the place of such funds but were required to finance the Equipment.

25. Other than the funds and accounts described above, (a) there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral to secure repayment of debt service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds; and (b) in connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund, including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or the City with any registered owner of the Bonds.

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

larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

27. Except for the taxable bonds described in Paragraph 11, above, no other obligations are being issued by the Issuer, the City or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

28. The issuance of the Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

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

30. The Issuer shall comply with the general allocation and accounting rules set forth in Section 1.148-6 of the Regulations and the special arbitrage rules for refunding issues set forth in Section 1.148-9 of the Regulations.

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

32. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of, premium and accrued interest on the 1999 Bonds;

(b) the payment of the Costs of Issuance of the Bonds;

(c) the payment of administrative costs allocable to repaying the 1999 Bonds, or carrying and repaying the Bonds, or the reasonable investments of proceeds of the Bonds, if any thereof;

(d) any transferred proceeds allocable to expenditures for governmental purposes of the 1999 Bonds; and

(e) amounts deposited in the Bond Fund (including investment earnings thereon) to pay debt service on the Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

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

34. The Issuer, the City and the Corporation covenant to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes. The Issuer, the City and the Corporation shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon.

The Issuer, the City and the Corporation acknowledge that the covenants and conditions set forth in this Tax Certificate are based upon the Code as it exists on the date hereof and that the Code may be subsequently interpreted or modified by the federal government in a manner which is inconsistent with the covenants set forth herein. The Issuer, the City and the Corporation agree that any such subsequent modification or interpretation of the Code will be deemed a requirement that must be met pursuant to the general tax covenant set forth above.

The Issuer, the City and the Corporation shall not be required to comply with any specific requirement of this Tax Certificate to the extent that, in the opinion of Bond Counsel furnished to the Issuer, the City and the Corporation, compliance with such requirement is not necessary to maintain the tax-exempt status of the Bonds.

35. Notwithstanding any other provision hereof, any provision of this Tax Certificate may be added to, deleted or modified at any time at the option of the Issuer or the City if the Issuer or the City, as applicable, has provided to the Original Purchaser an opinion, in form and substance satisfactory to the Original Purchaser, of Bond Counsel that such addition, deletion or modification will not adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for purposes of federal income taxation.

36. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

37. The Bonds have been designated as "qualified tax-exempt obligations" for purposes of Subsection 265(b) of the Code. The City does not reasonably expect and covenants not to issue, or to have issued on its behalf, and the Corporation covenants not to have issued on its behalf, more than $30,000,000 of tax-exempt obligations, including the Bonds, during the calendar year 2010. The Issuer is a subordinate entity of the City.

38. The aggregate of the costs of issuance to be paid or financed out of the proceeds of the Bonds is $42,098.57. Such amount is less than $44,270.11, which is the limitation on such costs paid from proceeds set forth in Section 147(g) of the Code of two percent of the sale price (being par less the original issue discount) of the Bonds.

39. The Corporation certifies that 120% of the weighted average of the reasonably expected remaining economic lives of the assets comprising the Equipment (approximately 8.03941 years, 120% of which is 9.64729 years) exceeds the weighted average maturity of the Bonds (8.349 years). The reasonably expected economic lives of the assets are based on the reasonable expectations of the Corporation, based upon the particular assets, the circumstances of use and other factors that impact the useful life of the assets. The weighted average maturity of the Bonds is 8.349 years, based on the scheduled principal installments on the Bonds. In the event that changes are made that result in the lessening of the weighted average useful life of the Equipment, the Corporation hereby covenants that it will promptly redeem and retire Bonds prior to their stated maturity in such amount and at such times as will reduce the weighted average maturity of the Bonds to no more than 120% of the weighted average useful life, as revised, of the Equipment, and secure an opinion of nationally recognized bond counsel as to the effect of such early redemption on the weighted average maturity of the Bonds.

40. The undersigned Chairman did officially execute a properly completed IRS Form 8038 in connection with the issuance of the Bonds and will cause such executed IRS Form 8038 to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038 is true, correct and complete.

41. To the best of our knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed. The Issuer, for purposes of this Tax Certificate, is not in possession of knowledge concerning facts about the City, the Corporation or any other matters which require such knowledge. Accordingly, the Issuer is specifically relying upon the City and the Corporation with respect to any factual representations and knowledge of facts made herein, and the City and the Corporation understand and acknowledge that the Issuer is relying upon the City and the Corporation as to such representations and knowledge of such facts.

42. Jackson Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds. Crews & Associates, Inc. is also entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein.

43. To the best of our knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, the Issuer, the City and the Corporation have caused this Tax and Non-Arbitrage Certificate to be executed on their behalf by their respective duly authorized representatives on the Issuance Date.

CHARLESTON BUILDING COMMISSION

By: _____
Its: Chairman

THE CITY OF CHARLESTON

By: _____
Its: Mayor

CLAY CENTER FOR THE ARTS AND
SCIENCES OF WEST VIRGINIA, INC.

By: _____
Its President

[redacted]

201038253308

02 25 2010 03:52PM

WV SECRETARY OF STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Taunja Willis-Miller
Jackson Kelly PLLC
P.O. Box 619
Morgantown, WV 26507

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: Charleston Building Commission

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 815 Quarrier Street, Suite 244 | CITY: Charleston | STATE: WV | POSTAL CODE: 25301 | COUNTRY: USA

1d. TAX ID#: SSN OR EIN: 55-6000160 | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: Governmental | 1f. JURISDICTION OF ORGANIZATION: West Virginia | 1g. ORGANIZATIONAL ID #, if any: ☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID#: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any: ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: The Bank of New York Mellon, as Trustee

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 385 Rifle Camp Road, 3rd Floor, Attn: Corporate Trust Department | CITY: West Paterson | STATE: NJ | POSTAL CODE: 07424 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral: All rights, interests and privileges of Debtor in, to and under the Lease and Agreement dated as of February 1, 2010 (the "Lease"), from Debtor to Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), relating to certain equipment for the Clay Center, including but not limited to all rentals and revenues received by Debtor from the leasing of said equipment (except for the payment of the expenses of Debtor) and the Corporation's rights and rentals under the sublease to The City of Charleston, West Virginia (the "City"); all moneys and securities from time to time held by Secured Party under the terms of the Bond Trust Indenture dated as of February 1, 2010, between Debtor and Secured Party and of record in the Assignment Book in the office of the Clerk of the County Commission of Kanawha County, West Virginia; and the equipment acquired for and installed in the Clay Center with the proceeds of the Series 1999 Bonds (as defined in the Lease), initially as described in Exhibit A hereto, together with any and all additions and improvements thereto and substitutions therefor.
This Financing Statement is filed in connection with a public bond issue of the Charleston Building Commission. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, no continuation statements need to be filed to continue this financing statement in effect throughout the term of the underlying bond issue.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☒ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] | 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor1 ☐ Debtor 2

. OPTIONAL FILER REFERENCE DATA

File with WV Secretary of State and Kanawha County Clerk

{M0626213.1}

201038253308

EXHIBIT A TO UCC-1

DEBTOR: Charleston Building Commission
SECURED PARTY: The Bank of New York Mellon, as Trustee

EQUIPMENT LIST

Performance Equipment

Acoustical Curtains

Theatre seats PAC

Theatre seats Museum

70mm Film projector

Planetarium equipment

The Equipment is located on property owned by the Corporation and located at One Clay Square, Charleston, West Virginia 25301. Both the Lease and the Sublease are of record in the office of the Clerk of the County Commission of Kanawha County, West Virginia.

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Taunja Willis-Miller
Jackson Kelly PLLC
P.O. Box 619
Morgantown, WV 26507

6863
02/25/2010 03:11:48 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax	0.00
Recording Fee	11.00
TOTAL	11.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Charleston Building Commission

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
815 Quarrier Street, Suite 244	Charleston	WV	25301	USA

1d. TAX ID#: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
55-6000160		Governmental	West Virginia	☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID#: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
The Bank of New York Mellon, as Trustee

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
385 Rifle Camp Road, 3rd Floor, Attn: Corporate Trust Department	West Paterson	NJ	07424	USA

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This Financing Statement is filed in connection with a public bond issue of the Charleston Building Commission. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, no continuation statements need to be filed to continue this financing statement in effect throughout the term of the underlying bond issue.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☒ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA
File with WV Secretary of State and Kanawha County Clerk

{M0626213.1}

EXHIBIT A TO UCC-1

DEBTOR: Charleston Building Commission
SECURED PARTY: The Bank of New York Mellon, as Trustee

EQUIPMENT LIST

Performance Equipment

Acoustical Curtains

Theatre seats PAC

Theatre seats Museum

70mm Film projector

Planetarium equipment

The Equipment is located on property owned by the Corporation and located at One Clay Square, Charleston, West Virginia 25301. Both the Lease and the Sublease are of record in the office of the Clerk of the County Commission of Kanawha County, West Virginia.

[redacted]

201038253310

02 25 2010 03:52PM

WV SECRETARY OF STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Taunja Willis-Miller
Jackson Kelly PLLC
P.O. Box 619
Morgantown, WV 26507

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: Clay Center for the Arts and Sciences of West Virginia, Inc.

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: One Clay Square | CITY: Charleston | STATE: WV | POSTAL CODE: 25301 | COUNTRY: USA

1d. TAX ID#: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: Nonprofit corporation | 1f. JURISDICTION OF ORGANIZATION: West Virginia | 1g. ORGANIZATIONAL ID #, if any: ☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID#: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any: ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: Charleston Building Commission

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 815 Quarrier Street, Suite 244 | CITY: Charleston | STATE: WV | POSTAL CODE: 25301 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral: All rights, interests and privileges of Debtor in, to and under the Equipment Lease, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (the "Sublease"), from Debtor to The City of Charleston, West Virginia (the "City") on record with the Clerk of the County Commission of Kanawha County; and its right, title and interest in the equipment acquired for and installed in the Clay Center with the proceeds of the Series 1999 Bonds subject to the Sublease, initially as described in Exhibit A hereto, together with any and all additions and improvements thereto and substitutions therefor.

This Financing Statement is filed in connection with a public bond issue of the Charleston Building Commission. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, no continuation statements need to be filed to continue this financing statement in effect throughout the term of the underlying bond issue.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☒ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

File with WV Secretary of State and Kanawha County Clerk

{M06266834.1}

201038253310

EXHIBIT A TO UCC-1

DEBTOR: Clay Center for the Arts and Sciences of West Virginia, Inc.
SECURED PARTY: Charleston Building Commission

EQUIPMENT LIST

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Theatre seats PAC

Theatre seats Museum

70mm Film projector

Planetarium equipment

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UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Taunja Willis-Miller
Jackson Kelly PLLC
P.O. Box 619
Morgantown, WV 26507

6864
02/25/2010 03:12:50 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax	0.00
Recording Fee	11.00
TOTAL	11.00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: Clay Center for the Arts and Sciences of West Virginia, Inc.

OR

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
One Clay Square	Charleston	WV	25301	USA

1d. TAX ID#: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Nonprofit corporation	West Virginia	☒ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

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				☐ NONE

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3a. ORGANIZATION'S NAME: Charleston Building Commission

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
815 Quarrier Street, Suite 244	Charleston	WV	25301	USA

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This Financing Statement is filed in connection with a public bond issue of the Charleston Building Commission. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, no continuation statements need to be filed to continue this financing statement in effect throughout the term of the underlying bond issue.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☒ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor1 ☐ Debtor 2

. OPTIONAL FILER REFERENCE DATA

File with WV Secretary of State and Kanawha County Clerk

{M06266834.1}

EXHIBIT A TO UCC-1

DEBTOR: Clay Center for the Arts and Sciences of West Virginia, Inc.
SECURED PARTY: Charleston Building Commission

EQUIPMENT LIST

Performance Equipment

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Theatre seats Museum

70mm Film projector

Planetarium equipment

The Equipment is located on property owned by the Debtor and located at One Clay Square, Charleston, West Virginia 25301.

NUMBER
AR-1

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AR2

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-1 $380,000

Date: February 25, 2010

Interest Rate: 3.100%

Principal Amount: $380,000

Maturity Date: June 1, 2013

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

SPECIMEN

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows.

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

SPECIMEN

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

SPECIMEN

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a

SPECIMEN

pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: R. Brandy Tracy
Its Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

NUMBER
AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

SPECIMEN

NUMBER
AR-1

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

NUMBER

AR-2

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AS0

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-2 $590,000

Date: February 25, 2010

Interest Rate: 3.625%

Principal Amount: $590,000

Maturity Date: June 1, 2017

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

SPECIMEN

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a

SPECIMEN

pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

NUMBER
AR-2

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: R. Brady Troy
Its Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

NUMBER
AR-2

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

SPEC

NUMBER

AR-2

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

NUMBER

AR-3

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AT8

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-3 $330,000

Date: February 25, 2010

Interest Rate: 4.000%

Principal Amount: $330,000

Maturity Date: June 1, 2019

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows.

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

SPECIMEN

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

NUMBER

AR-3

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

SPECIMEN

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a

pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

NUMBER

AR-3

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: R. Brailey Troy
Its Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

NUMBER

AR-3

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

NUMBER

AR-4

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AU5

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-4 $530,000

Date: February 25, 2010

Interest Rate: 4.125%

Principal Amount: $530,000

Maturity Date: June 1, 2022

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

SPECIMEN

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows.

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

SPECIMEN

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue; and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a

SPECIMEN

pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

NUMBER

AR-4

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: R Brady Tracy
Its Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

NUMBER

AR-4

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

SPECIMEN

NUMBER

AR-4

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

NUMBER

AR-5

SPECIMEN

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AV3

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-5 $395,000

Date: February 25, 2010

Interest Rate: 4.375%

Principal Amount: $395,000

Maturity Date: June 1, 2024

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

SPECIMEN

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows.

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds are subject to optional redemption by the Issuer prior to their stated maturities on or after June 1, 2015, at the option of the Issuer at the written direction of the City, at par plus accrued interest thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

SPECIMEN

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a

SPECIMEN

pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

NUMBER

AR-5

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: _____
Its Chairman

SPECIMEN

ATTEST:

_____
Secretary

SPECIMEN

NUMBER

AR-5

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

SPE

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

NUMBER

BR-1

Unless this Bond 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 Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CUSIP NUMBER 160506 AW1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

No. BR-1 $55,000

Date: February 25, 2010

Interest Rate: 4.250%

Principal Amount: $55,000

Maturity Date: June 1, 2011

Registered Owner: Cede & Co.

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows.

NUMBER

BR-1 SPECIMEN

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as set forth above and as follows.

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Bonds"), issued in the aggregate principal amount of $55,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs incurred in connection with the issuance of the Bonds and of the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds"), issued in the aggregate principal amount of $2,225,000, and with refunding and redeeming the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"), with the proceeds of the Series A Bonds. The 1999 Bonds were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant the Lease The Bonds are on a parity as to payment from such rentals and in all other respects with the Series A Bonds.

The Bonds and the Series A Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of

SPECIMEN

America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and

SPECIMEN

the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

NUMBER

BR-1

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: _____
Its Chairman

SPECIMEN

ATTEST:

_____
Secretary

SPECIMEN

NUMBER

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

SPECIMEN

NUMBER

BR-1

DTC FAST RIDER

Each Bond Certificate shall remain in the Bond Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

SPECIMEN

JOURNAL
OF THE
COUNCIL
CITY OF CHARLESTON
West Virginia
Monday, May 19, 1980

The Council met in its Chamber in the City Building at 8:00 p.m. for its second meeting in the month of May and was called to order by the Mayor, the Honorable John G. Hutchinson.

Prayer was offered by the Honorable Don J. Hunt, Councilman for the Twelfth Ward.

The Clerk called the roll and the following members answered to their names:

Ball	Hanshaw	Morrison
Brawley	Holt	Quick
Brown	Hunt	Roberts
Cannon	Kennedy	Robinson
Carp	Layne	Sheets
Connell	Mason	Vanderwilt
Crawford	Matthews	Hutchinson (Mayor)
Hall	Monroe	

Twenty-three members being present, one member being absent, McCoy, the Mayor declared a quorum.

READING OF JOURNAL

Pending the reading of the Journal of the first meeting held on May 5, 1980, on motion of Councilman Crawford, the reading thereof was dispensed with and the same duly approved.

And reports the same to Council with the recommendation that the committee report be adopted.

The question being on the adoption of the committee report, a vote was taken. There being no dissent, the Mayor declared the report adopted.

Councilman Roberts, Chairman from the Committee on Ordinance and Rules, submitted the following report, which was received and read as follows:

1. Your Committee on Ordinance and Rules has had under consideration Bill No. 1836.

And reports the same to Council with the recommendation that the bill do pass.

Bill No. 1836--A Bill creating a municipal building commission for the City of Charleston and providing for the exercise of certain powers by such building commission.

Be it Ordained by the Council of the City of Charleston, West Virginia:

1. There is hereby created, pursuant to Chapter 8, Article 33 of the Code of West Virginia of 1931, as last amended, a municipal building commission to be known as the Charleston Building Commission (hereafter referred to as the Commission) which shall be a public corporation having perpetual existence and, except as hereinafter expressly limited, shall have all of the power and authority provided in said Article 33 of Chapter 8 of such Code for such a commission.

2. a. All property, powers and duties and the management and control of the Commission shall be vested in a board consisting of representatives, to be known as Commissioners, appointed by the Council of the City of Charleston. Such board shall consist of five members, each to be appointed for a term of five years, except for the initial appointments which shall be made as follows:

(1) The first Commissioner appointed shall serve a term of one year from the date this ordinance becomes law.

(2) The second Commissioner appointed shall serve a term of two years from the date this ordinance becomes law.

(3) The third Commissioner appointed shall serve a term of three years from the date this ordinance becomes law.

(4) The fourth Commissioner appointed shall serve a term of four years from the date this ordinance becomes law.

(5) The fifth Commissioner appointed shall serve a term of five years from the date this ordinance becomes law.

b. As the term of each such initial appointee expires, the successor to fill the vacancy created by such expired term shall be appointed for a term of five years.

In the event that any Commissioner appointed hereunder fails or refuses to qualify within twenty days of appointment or in the event that the position of any Commissioner becomes vacant for any reason prior to the expiration of his term of office, a successor shall be appointed by the Council of the City of Charleston to complete the unexpired portion of such term.

c. No more than three of the five Commissioners shall be from the same political party and no member of the Board of Commissioners shall hold any office (other than the office of notary public) or employment under the United States of America, the State of West Virginia, any county or political subdivision thereof, or any political party. Each Commissioner at the time of his appointment shall be a resident of the City of Charleston. No Commissioner shall receive any compensation for his services as such, but each member shall be reimbursed by the Commission for any reasonable and necessary expenses actually incurred in the discharge of his duties as a member of the board.

3. Subject to the procedures and limitations set forth herein, the Commission shall have plenary power and authority to:

a. Sue and be sued.

b. Contract and be contracted with.

c. Adopt, use and alter a common seal.

d. Make and adopt all necessary, appropriate and lawful bylaws and rules and regulations pertaining to its affairs.

e. Elect such officers, appoint such committees and agents and employ and fix the compensation of such employees and contractors as may be necessary for the conduct of the affairs and operations of the Commission.

f. (1) Acquire, purchase, own and hold any property, real or personal, and (2) acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities, of any type or types for which the Council of the City of Charleston is permitted by law to expend public funds (all hereinafter referred to as facilities).

g. Apply for, receive and use grants-in-aid, donations and contributions from any source or sources, including but not limited to the United States of America, or any department or agency thereof, and accept and use bequests, devises, gifts, and donations from any source whatsoever.

h. Sell, encumber or dispose of any property, real or personal.

i. Issue negotiable bonds, notes, debentures or other evidences of indebtedness and provide for the rights of the holders thereof,

incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with exercising powers as provided herein.

j. Raise funds by the issuance of revenue bonds in the manner provided by the applicable provisions of Chapter 8, Article 16 of said Code, and any amendment thereto, without regard, to the extent provided in Chapter 8, Article 33, Section 5, of said Code, to the limitations specified in said Chapter 8, Article 16, of said Code, it being hereby expressly provided that for the purpose of the issuance and sale of revenue bonds, such Commission is a "governing body" as that term is used in said Chapter 8, Article 16 of said Code, only.

k. Exercise the power of eminent domain in the manner provided in Chapter 54 of said Code, as it may be from time to time amended, for business corporations, for the purposes set forth in subdivision 3. of this ordinance, section f. hereunder, which purposes are hereby declared to be public purposes for which private property may be taken or damaged;

l. Lease its property or any part thereof, for public purposes, to such persons and upon such terms as the Commission deems proper, but when any municipality or county commission is a lessee under any such lease, such lease must contain a provision granting to such municipality or county commission the option to terminate such lease during any fiscal year covered thereby.

m. Do all things reasonable and necessary to carry out the foregoing powers.

4. No indebtedness of any nature of the Commission shall constitute an indebtedness of the City of Charleston or a charge against any property of the City of Charleston. No indebtedness or obligation incurred by the Commission shall give any right against any member of the governing body of the City of Charleston or against any member of the board of the Commission. The rights of creditors of the Commission shall be solely against the Commission as a corporate body and shall be satisfied only out of property held in its corporate capacity.

5. In the event that any portion of this ordinance is determined to be invalid by final judgment of a court of competent jurisdiction, the remaining portions hereof shall remain valid and of full force and effect.

6. All prior ordinances, or parts of ordinances, inconsistent with this ordinance are hereby repealed.

The question being on the passage of the bill, a roll call was taken and there were--yeas 23, nays none, and absent 1, as follows:

YEAS: Ball, Brawley, Brown, Cannon, Carp, Connell, Crawford, Hall, Hanshaw, Holt, Hunt, Kennedy, Layne, Mason, Matthews, Monroe, Morrison, Quick, Roberts, Robinson, Sheets, Vanderwilt and Mayor Hutchinson.

NAYS: None.

ABSENT: McCoy.

So, a majority of all members elected to Council having voted in the affirmative, the Mayor declared the bill (No. 1836) passed.

Councilman Matthews, Chairman from the Committee on Planning, submitted the following report, which was received and read as follows:

1. Your Committee on Planning has had under consideration Bill No. 2623, attached hereto and made a part hereof.

Your Committee on Planning concurs with the finding of the Municipal Planning Commission that the proposed use of the property, with the restrictions requested by the residents of the immediate neighborhood, would not adversely affect the neighboring area.

Your Committee further finds that the bill needs to be amended as follows:

Page 1, line 5, by striking before the word "by" the word "and";

Page 1, line 8, by changing the period to a semi-colon and adding the following words "and by placing certain restriction thereon.";

Page 1, line 31, by inserting after the date "March 5, 1980" and before the comma following said date the notation "(Revised April 28, 1980)".

Page 2, by striking all the words on lines 1 through 36 and inserting in lieu thereof the following:

"District, Kanawha County, West Virginia, dated March 5, 1980, (Revised April 28, 1980), made by Wilkinson Surveying and Engineering Incorporated".

2. The rezonings of said properties as described in the foregoing section 1 are subject to the following restrictions:

A. In both the C-6 and R-O areas rezoned by this ordinance, the following restrictions shall apply:

1. Trash storage and disposal areas shall be screened from view, however, in the area rezoned C-6, this restriction shall apply to the 55th Street side of said area only.

City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of the appointment of Paula Butterfield to the Charleston Building Commission, approved by the City Council of the City of Charleston on August 16, 2004.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 15th day of September 2006.

James M. Reishman
City Clerk

Seal

I am recommending that Paula Butterfield, 215 35th Street, Charleston, West Virginia 25304, be appointed to the Charleston Building Commission, with a said term to expire July 20, 2009. She will be replacing Charles Gardner.

I respectfully request City Council's recommendation of this request.

DJ/ads

The Mayor declared the appointment approved.

TO: **JAMES REISHMAN**
CITY CLERK

FROM: **DANNY JONES**
MAYOR

RE: **MUNICIPAL BEAUTIFICATION COMMISSION**

DATE: **AUGUST 16, 2004**

I am recommending that Beverly Hill, 305 Mountain View Road, Charleston, West Virginia 25314, be reappointed to the Municipal Beautification Commission, with a said term to expire September 19, 2007.

I respectfully request City Council's approval of this recommendation.

DJ/ads

The Mayor declared the appointment approved.

TO: **JAMES REISHMAN**
CITY CLERK

FROM: **DANNY JONES**
MAYOR

RE: **MUNICIPAL BEAUTIFICATION COMMISSION**

DATE: **AUGUST 16, 2004**

City of Charleston
Office of the City Clerk
P. O. Box 2749
Charleston, WV 25330
(304) 348-8179

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of ~~APPOINTMENT OF WALTER DIAL~~, enacted by the City Council of the City of Charleston on OCTOBER 1, 2007 ____, _____.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 7TH day of JANUARY, 2008.

James M. Reishman
City Clerk

Seal

CITY OF CHARLESTON
OFFICE OF THE MAYOR

TO: JAMES REISHMAN
CITY CLERK

FROM: DANNY JONES
MAYOR

RE: CHARLESTON BUILDING COMMISSION

DATE: OCTOBER 1, 2007

I recommend that Walter Dial, 2907 4th Avenue, Charleston, WV 25312, be reappointed to the Charleston Building Commission, with a said term to expire July 20, 2012.

I respectfully request City Council's approval of this recommendation.

DJ/blp

P.O. BOX 2749 • CHARLESTON, WV 25330 • (304) 348-8174 OFFICE • (304) 348-8034 FAX

City of Charleston
Office of the City Clerk
P. O. Box 2749
Charleston, WV 25330
(304) 348-8179

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of Appointment for Olivia Singleton, enacted by the City Council of the City of Charleston on August 4, 2008.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 6 day of August, 2008.

James M. Reishman
City Clerk

Seal

CITY OF CHARLESTON
OFFICE OF THE MAYOR

TO: JAMES REISHMAN
CITY CLERK

FROM: DANNY JONES
MAYOR

RE: CHARLESTON BUILDING COMMISSION

DATE: AUGUST 4, 2008

I recommend that Olivia Singleton, 1561 Connell Road, Charleston, WV 25314, be reappointed to the Charleston Building Commission, with a said term to expire July 20, 2013.

I respectfully request Council's approval of this recommendation.

DJ/blp

P.O. BOX 2749 • CHARLESTON, WV 25330 • (304) 348-8174 OFFICE • (304) 348-8034 FAX

City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of the appointment of Sandra Thomas to the Charleston Building Commission, approved by the City Council of the City of Charleston on September 5, 2006.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 15th day of September 2006.

James M. Reishman
City Clerk

Seal

CITY OF CHARLESTON
OFFICE OF THE MAYOR

TO: **JAMES REISHMAN**
CITY CLERK

FROM: **DANNY JONES**
MAYOR

RE: **CHARLESTON BUILDING COMMISSION**

DATE: **SEPTEMBER 5, 2006**

I recommend that Sandra Thomas, PO Box 1747, Charleston, WV 25326, be reappointed to the Charleston Building Commission, with a said term to expire July 20, 2011.

I respectfully request City Council's approval of this recommendation.

DJ/blp

P.O. BOX 2749 • CHARLESTON, WV 25330 • (304) 348-8174 OFFICE • (304) 348-8034 FAX

City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of the appointment of R. Brawley Tracy to the Charleston Building Commission, approved by the City Council of the City of Charleston on July 18, 2005.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 15th day of September 2006.

James M. Reishman
City Clerk

Seal

CITY OF CHARLESTON
OFFICE OF THE MAYOR

TO: JAMES REISHMAN
CITY CLERK

FROM: DANNY JONES
MAYOR

RE: CHARLESTON BUILDING COMMISSION

DATE: JULY 18, 2005

I recommend that R. Brawley Tracy, 921 Newton Road, Charleston, WV 25314, be reappointed to the Charleston Building Commission, with a said term to expire July 20, 2010.

I respectfully request City Council's approval of this recommendation.

DJ/blp

P.O. BOX 2749 • CHARLESTON, WV 25330 • (304) 348-8174 OFFICE • (304) 348-8034 FAX

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

OATH OF OFFICE

I, Paula Butterfield, do solemnly swear or affirm that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member of the Board of Charleston Building Commission to which I have been duly appointed to the best of my skill and judgment.

Given under my hand this 13th day of June, 2007.

Paula S. Butterfield

Subscribed and sworn before me this 13th day of June, 2007.

My commission expires: 9/3/09

Lisa M. Francis
Notary Public

OFFICIAL SEAL
LISA M. FRANCIS
NOTARY PUBLIC
STATE OF WEST VIRGINIA
1001 Bridge Road
Charleston, WV 25314-1305
My Commission Expires Sept. 3, 2009

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

OATH OF OFFICE

I, Sandra D. Thomas, do solemnly swear or affirm that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member of the Board of Charleston Building Commission to which I have been duly appointed to the best of my skill and judgment.

Given under my hand this the 17th day of May, 1999.

Sandra D. Thomas

Subscribed and sworn before me this 17th day of May 1999.

My commission expires: June 25, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROLYN S. LAYNE
Charleston Urban Renewal Authority
815 Quarrier St., Suite 244
Charleston, WV 25301-2641
My Commission Expires June 25, 2006

Carolyn S. Layne
Notary Public

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

OATH OF OFFICE

I, R. Brawley Tracy, do solemnly swear or affirm that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member of the Board of Charleston Building Commission to which I have been duly appointed to the best of my skill and judgment.

Given under my hand this the 17th day of May, 1999.

R. Brawley Tracy

Subscribed and sworn before me this 17th day of May 1999.

My commission expires: June 25, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROLYN S. LAYNE
Charleston Urban Renewal Authority
815 Quarrier St., Suite 244
Charleston, WV 25301-2641
My Commission Expires June 25, 2006

Carolyn S. Layne
Notary Public

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

OATH OF OFFICE

I, Olivia Singleton, do solemnly swear or affirm that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member of the Board of Charleston Building Commission to which I have been duly appointed to the best of my skill and judgment.

Given under my hand this the 17th day of May, 1999.

Olivia L. Singleton

Subscribed and sworn before me this 17th day of MAY 1999.

My commission expires: JUNE 25, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROLYN S. LAYNE
Charleston Urban Renewal Authority
815 Quarrier St., Suite 244
Charleston, WV 25301-2641
My Commission Expires June 25, 2006

Carolyn S. Layne
Notary Public

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

OATH OF OFFICE

I, Walter B. Dial, Jr., do solemnly swear or affirm that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of member of the Board of Charleston Building Commission to which I have been duly appointed to the best of my skill and judgment.

Given under my hand this the 17th day of May, 1999.

Walter B. Dial

Subscribed and sworn before me this 17th day of MAY 1999.

My commission expires: JUNE 25, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROLYN S. LAYNE
Charleston Urban Renewal Authority
815 Quarrier St., Suite 244
Charleston, WV 25301-2641
My Commission Expires June 25, 2006

Carolyn S. Layne

Notary Public

CHARLESTON BUILDING COMMISSION

BYLAWS

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CHARLESTON BUILDING COMMISSION.

Section 2. The principal office of the corporation will be located in the Charleston Municipal Building in Charleston, West Virginia.

Section 3. The Common Seal of the Commission shall consist of two concentric circles between which circles shall be inscribed "Charleston Building Commission" and in the center "seal" as follows:

ARTICLE II

PURPOSES

This Commission is organized exclusively for the purposes set forth in Chapter 8, Article 33 of the West Virginia Code of 1931, as amended.

ARTICLE III

MEMBERSHIP

Section 1. The members of this Commission shall be those persons appointed by the Council of the City of Charleston, who shall serve for such term as may be specified in the Resolution of the City Council by which they are appointed.

Section 2. No member of this Commission shall receive any compensation or in any way derive any profit from the operations of the Commission, but the necessary expenses incurred in the performance of his duties may be reimbursed to a member by the Commission.

Section 3. Should any member of the Commission resign or otherwise become legally disqualified to serve as a member of the Commission, the Secretary of the Commission shall immediately notify the Council of the

City of Charleston and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member, the Secretary shall notify the City Council of the pending termination and request the City Council to pass a Resolution of appointment or reappointment to maintain a fully qualified membership of the Commission.

Section 4. If requested so to do, the members shall recommend to said City Council the names of qualified persons for appointment to fill either pending or existing vacancies in the membership of the Commission.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. The meetings of the membership of the Commission shall be held at its principal office in the Mayor's Conference Room on the 3rd Tuesday of each month at 10:30 A.M. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the membership may be called at any time by the Chairman or by a quorum of the Commission.

Section 2. At any meeting of the membership of the Commission, three members shall constitute a quorum. Each member of the Commission shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Notice in writing posted at the front door of the Kanawha County Courthouse and the Charleston Municipal Building two days prior to each regular meeting shall be given. Notice in writing of each special meeting of the membership shall be given to all members by the secretary by mailing the same to the last known post office addresses of the members at least three (3) days before the date fixed for such meeting. Such notice shall also be posted at the front door of the Kanawha County Courthouse and the Charleston Municipal Building three (3) days prior to each special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting. Notice of any special meeting may be waived in writing by all the members, but such posted notice shall nevertheless be required, subject to the provisions of West Virginia Code, Chapter 6, Article 9A, which Code provisions shall also govern as to the minutes of meetings of the Commission.

ARTICLE V

OFFICERS

Section 1. The officers of the Commission shall be a chairman, vice-chairman, secretary and treasurer. The chairman and vice-chairman shall be elected from the members of the Commission. The secretary and treasurer need not be members of the Commission. The Commission may appoint an assistant secretary and an assistant treasurer who shall act in the absence of the secretary and treasurer, respectively.

Section 2. The officers of the Commission shall be elected each year by the members at the first meeting held on or after the 1st day of January in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers in the meantime shall be filled by the members at the next regular or special meeting of the Commission.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as chairman at all meetings of the membership of the Commission. He shall appoint all committees as recommended by the membership and shall, together with the Secretary, sign the minutes of all meetings of members at which he shall preside. He shall attend generally to the executive business of the Commission and exercise such powers as may be conferred upon him by the members, by these Bylaws, or prescribed by law. He shall execute, and if necessary acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Commission when and if directed by the members of the Commission.

Section 2. If the Chairman is absent or for any reason is unable to discharge any of his duties, the same shall be discharged by the vice-chairman.

Section 3. The Secretary of the Commission shall be its recording officer and shall, when practicable, be present at all meetings of the members, and shall keep a regular record of the proceedings of such meetings for preservation in a suitable book or books. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book and official seal and shall be the custodian of deeds and other important writings and papers of the Commission. He shall also perform such other duties as he may have under the law by virtue of his office or as may be conferred upon him from time to time by the membership.

Section 4. The Treasurer shall have general charge of the funds and moneys of the Commission. The checks upon the same shall be signed by such person or persons as the membership may from time to time prescribe. The Treasurer shall keep or cause to be kept proper and accurate books of account and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Commission as the members may from time to time prescribe. He shall perform such other duties as may devolve upon him under the law or as may be conferred upon him by the members.

ARTICLE VII

COMMITTEES

Section 1. The Commission may appoint such standing or special committees as it may provide for by resolution regularly adopted.

ARTICLE VIII

AMENDMENTS TO BYLAWS

These Bylaws may be altered, changed, amended or added to at any regular or special meeting of the membership by a majority vote of the entire membership, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

CERTIFICATE

The undersigned THOMAS H. CARROLL, Secretary of the Charleston Building Commission, does hereby certify that the foregoing and hereto annexed Bylaws of the Charleston Building Commission are a true, accurate and correct copy of the said Bylaws as regularly adopted at the organizational meeting of the Charleston Building Commission held in Charleston, West Virginia, on the 6th day of July, 1981, at which said meeting a quorum of the Commission was present in person.

DATED this 9th day of July, 1981.

Secretary
Charleston Building Commission

MINUTES OF THE SPECIAL MEETING
OF THE
CHARLESTON BUILDING COMMISSION
WEDNESDAY, NOVEMBER 18, 2009 – 9:00 AM

PRESENT	R. Brawley Tracy, Chairman Sandra D. Thomas, Vice Chairman Olivia R. Singleton, Commissioner Walter B. Dial, Jr., Commissioner Paula Butterfield, Commissioner
ALSO PRESENT	Patrick H. Brown, III, Secretary Carolyn S. Layne, Assistant Secretary Steven F. White, Attorney Ryan White, Jackson Kelly PLLC Greg Isaacs, Crews & Associates

Mr. Tracy called the meeting to order and determined that a quorum was present.

Approval of Minutes of Special Meeting of November 6, 2009

Mr. Tracy asked for a motion to approve the Minutes of the November 6, 2009 meeting.

Mrs. Thomas moved the Minutes of November 6, 2009, be approved.

Ms. Butterfield seconded the motion.

On call for a vote, the motion passed unanimously.

Consider Refunding of Bond Issues - City of Charleston - Public Hearing and Final Approval

a. Public Safety Center Lease Revenue Bonds

Mr. Tracy convened the Public Hearing and asked whether anyone wished to make any comments regarding the Refinancing of the Public Safety Center Lease Revenue Bond Issue or the Civic Center Lease Revenue Bond Issue. Hearing no comments, Mr. Tracy declared the Public Hearing concluded.

Mr. Steven White presented the Third Reading for the Public Safety Center Lease-Revenue Refunding Bonds, Series 2009A ordinance as follows:

CHARLESTON BUILDNG COMMISSION
PUBLIC SAFETY CENTER LEASE-REVENUE
REFUNDING BONDS, SERIES 2009A

BOND AUTHORIZING ORDINANCE OF THE
CHARLESTON BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF CHARLESTON BUILDING COMMISSION PUBLIC SAFETY CENTER LEASE-REVENUE REFUNDING BONDS, SERIES 2009A, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION PUBLIC SAFETY CENTER LEASE-REVENUE BONDS, SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,120,000; AUTHORIZING THE LEASE OF THE PUBLIC SAFETY CENTER FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CITY OF CHARLESTON; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES, INCLUDING BUT NOT LIMITED TO A LEASEHOLD DEED OF TRUST; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF

Mrs. Thomas moved to approve the Public Safety Center Lease Revenue Bond Ordinance.

Mrs. Singleton seconded the motion.
On call for the vote, Mr. Dial abstained and the rest of the Commissioners voted to approve the motion.

Mr. Steven White said, along with the Public Safety Center Lease Revenue Bond Ordinance, is the Supplemental Resolution which is called a Parameters Resolution. He said the Parameters Resolution sets the limits on the interest rate and authorizes the Chairman to enter into the Bond Purchase Agreement with Crews & Associates and approves the offering memorandum, and requires a motion for approval.

Mrs. Singleton moved to approve the Supplemental Resolution applicable to the Public Safety Center Revenue Bonds.

Ms. Butterfield seconded the motion.

On call for the vote, Mr. Dial abstained and the other Commissioners voted to approve the motion.

b. Civic Center Lease Revenue Bonds

Mr. Steven White presented the Third Reading for the Civic Center Lease-Revenue Refunding Bonds, Series 2009B Ordinance as follows:

CHARLESTON BUILDNG COMMISSION
CIVIC CENTER LEASE-REVENUE
REFUNDING BONDS, SERIES 2009B

BOND AUTHORIZING ORDINANCE OF THE
CHARLESTON BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF CHARLESTON BUILDING COMMISSION CIVIC CENTER LEASE-REVENUE REFUNDING BONDS, SERIES 2009B, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION CIVIC CENTER LEASE-REVENUE BONDS, SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,275,000; AUTHORIZING THE LEASE OF THE CIVIC CENTER EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CITY OF CHARLESTON; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES, AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH

CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF

Mrs. Thomas moved that the Civic Center Lease Revenue Bond Ordinance be approved.

Ms. Butterfield seconded the motion.

On call for the vote, Mr. Dial abstained and the rest of the Commissioners voted to approve the motion.

Mr. Steven White said, along with the Civic Center Lease Revenue Bond Ordinance, is the Supplemental Resolution, called a Parameters Resolution. He said the Parameters Resolution sets the limits on the interest rate and authorizes the Chairman to enter into the Bond Purchase Agreement with Crews & Associates and approves the offering memorandum, and requires a motion for approval.

Mrs. Singleton moved to approve Supplemental Resolution applicable to the Civic Center Lease Revenue Bonds.

Ms. Butterfield seconded the motion.

On call for the vote, Mr. Dial abstained and the other Commissioners voted to approve the motion.

Consider Refunding of Bond Issue – Center for Arts and Sciences Lease Revenue Bonds

Mr. Steven White asked Mr. Ryan White to explain the proposed Center for Arts and Sciences Lease Revenue Bonds.
Mr. Ryan White said that a refunding bonds issue was being proposed for the Clay Center, a 501 (c) (3) organization, to reduce the interest rate.

In reply to an inquiry, Mr. Ryan White confirmed that this would be a refinancing of a previously issued bond for the Center for Arts and Sciences. He said the Public Hearing will be a TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) Hearing which will require a TEFRA Notice to be published 14 days before the date of the hearing as mandated by the IRS.

Mr. Steven White presented the First Reading of the Ordinance as follows:

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS, SERIES 2009
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)

BOND AUTHORIZING ORDINANCE OF THE
CHARLESTON BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009,TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMNT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND FINANCING THEREOF

Mrs. Thomas disclosed that she is on the Finance Committee of the Clay Center for the Arts and Science Center of West Virginia, Inc. and she recused herself from the discussion of this agenda item.

Mr. Tracy asked that the record show that Mrs. Thomas did not participate in the discussion or vote on this issue. He asked that the record show that Mr. Dial did not participate in the discussion or the vote regarding the Public Safety Center Lease Revenue Bond Ordinance or Civic Center Lease Revenue Bond Ordinance issues or the applicable Supplemental Resolutions.

Mr. Dial moved that the Center for Arts and Sciences of West Virginia Project Ordinance be approved on the First Reading.

Ms. Butterfield seconded the motion.

On call for the vote, Mrs. Thomas abstained and the rest of the Commissioners voted to approve the motion.

There being no further business to discuss, Mr. Dial moved that the meeting be adjourned.

Ms. Butterfield seconded the motion.

On call for the vote, the motion passed unanimously.

MINUTES OF THE SPECIAL MEETING
OF THE
CHARLESTON BUILDING COMMISSION
FRIDAY, JANUARY 15, 2010 – 11:00 AM

PRESENT	R. Brawley Tracy, Chairman Sandra D. Thomas, Vice Chairman Walter B. Dial, Jr., Commissioner
ABSENT	Olivia R. Singleton, Commissioner Paula Butterfield, Commissioner
ALSO PRESENT	Patrick H. Brown, III, Secretary Carolyn S. Layne, Assistant Secretary Steven F. White, Attorney Samme Gee, Jackson Kelly PLLC Judy Wellington, Clay Center

Mr. Tracy called the meeting to order and determined that a quorum was present.

Approval of Minutes of Special Meeting of November 18, 2009

Mr. Tracy asked for a motion to approve the Minutes of the November 18, 2009 meeting.

Mrs. Thomas moved the Minutes of November 18, 2009, be approved.

Mr. Dial seconded the motion.

On call for a vote, the motion passed unanimously.

Consider Refunding of Bond Issue – Second Reading
Center for Arts and Sciences Lease Revenue Bonds

Mr. White presented the Second Reading of the Ordinance as follows:

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS, SERIES 2009
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA
PROJECT)

BOND AUTHORIZING ORDINANCE OF THE
CHARLESTON BUILDING COMMISSION

Supplemental

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009,TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMNT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND FINANCING THEREOF

Mrs. Thomas disclosed that she is on the Finance Committee of the Clay Center for the Arts and Sciences Center of West Virginia, Inc. and she recused from the discussion of this agenda item.

Mr. Dial moved that the Center for Arts and Sciences of West Virginia Project Ordinance be approved on the Second Reading.

Mr. Tracy seconded the motion.

On call for the vote, Mrs. Thomas abstained and the rest of the Commissioners voted to approve the motion.

Mr. Tracy asked that the record show that Mrs. Thomas did not participate in the discussion or vote on this matter.

Mr. White asked Judy Wellington, a representative of the Clay Center, to update the Commission.

Ms. Wellington expressed her appreciation to the Commission and reported that the Center is doing really well, operating in the black. She said the Center is $250,000 ahead of budget this fiscal year.

During a discussion regarding the Public Hearing to be held concerning the Refunding of the Bond Issue for the Center for Arts and Sciences, Ms. Gee said she will need 14 days to advertise the Public Hearing. A tentative date was set for Tuesday, February 16, 2010 at 11:30 AM.

There being no further business to discuss, Mr. Tracy called for a motion to adjourn.

Mrs. Thomas moved that the meeting be adjourned.

Mr. Dial seconded the motion.

On call for the vote, the motion passed unanimously.

MINUTES OF THE SPECIAL MEETING
OF THE
CHARLESTON BUILDING COMMISSION
TUESDAY, FEBRUARY 16, 2010 – 11:30 AM

PRESENT	R. Brawley Tracy, Chairman Sandra D. Thomas, Vice Chairman Olivia R. Singleton, Commissioner Walter B. Dial, Jr., Commissioner
ABSENT	Paula Butterfield, Commissioner
ALSO PRESENT	Patrick H. Brown, III, Secretary Carolyn S. Layne, Assistant Secretary Steven F. White, Attorney Taunja Willis Miller, Jackson Kelly Greg Isaacs, Crews & Associates, Inc.

Mr. Tracy called the meeting to order and determined that a quorum was present.

Approval of Minutes of Special Meeting of January 15, 2010

Mr. Tracy asked for a motion to approve the Minutes of the January 15, 2010, meeting.

Mrs. Thomas moved the Minutes of January 15, 2010, be approved.

Mr. Dial seconded the motion.

On call for a vote, the motion passed unanimously.

Consider Refunding of Bond Issue – Public Hearing and Final Approval
Center for Arts and Sciences Lease Revenue Bonds

Mr. Tracy declared the Public Hearing open for comment. Hearing no public comment, Mr. Tracy declared the Public Hearing closed.

Mr. White presented the Reading of the Resolution as follows:

SUPPLEMENTAL RESOLUTION
OF THE CHARLESTON BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009,TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000, AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AND THE SUBLEASE OF SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND FINANCING THEREOF

Mr. Dial moved that the Supplemental Resolution be approved as presented.

Mrs. Singleton seconded the motion.

Mrs. Thomas disclosed that she is on the Finance Committee of the Clay Center for the Arts and Sciences Center of West Virginia, Inc. and she recused from the discussion of this agenda item.

On call for the vote, Mrs. Thomas abstained, and the motion unanimously passed by the three voting members.

Mr. Tracy asked that the record reflect that Mrs. Thomas did not participate in the discussion, consideration, or vote on this matter.

There being no further business to discuss, Mr. Tracy called for a motion to adjourn.

Mrs. Singleton moved that the meeting be adjourned.

Mrs. Thomas seconded the motion.

On call for the vote, the motion passed unanimously.

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State of West Virginia **AFFIDAVIT OF PUBLICATION**

I, Sandra Legg of

THE CHARLESTON GAZETTE,
do solemnly swear that the legal notice of:
Notice of public hearing
was duly published in said newspaper(s) at the stated price for the respective newspaper(s) and during the dates listed below:
02/02/10-02/09/10

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
253 FRAZIER WAY
SCOTT DEPOT, WV 25560
My commission expires December 11, 2016

Subscribed and sworn to before me this 11 day of February

Lynn R Fielder
Notary Public of Kanawha County, West Virginia

CHARLESTON BUILDING COMMISSION
NOTICE OF PUBLIC HEARING ON LEASE REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2010

Pursuant to Section 8-16-7 of the Code of West Virginia of 1931, as amended, and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), a public hearing will be held by the Charleston Building Commission on the following entitled Ordinance and on the question of whether there should be approved the issuance of Bonds by the Charleston Building Commission in an amount not to exceed $2,450,000 for the purpose of refunding, together with other available funds, the cost of currently refunding and redemption of the Charleston Building Commission Lease Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 outstanding on the date hereof in the aggregate principal amount of approximately $2,175,000, together with a series of taxable Bonds in an amount not to exceed $150,000 for the purpose of paying costs incurred in connection with the issuance of the Bonds and such refunding and redemption. The hearing will be held at a meeting of the Charleston Building Commission to be held at 5:00 p.m. on Tuesday, February 16, 2010, in its office at 815 Quarrier Street, Suite 222, Charleston, West Virginia. At such hearing all citizens and interested persons may attend and appear before the Building Commission and be heard orally or in writing as to whether the Ordinance should be put into effect and the Bonds shall be issued and to express their views on the proposed issuance of Bonds, and at such hearing all objections and suggestions shall also be heard and the Building Commission shall take such action as it shall deem proper in the premises upon an Ordinance of which

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF TWO SERIES OF CHARLESTON BUILDING COMMISSION LEASE REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 2009, TO PROVIDE FUNDS, TOGETHER WITH OTHER FUNDS AVAILABLE THEREFOR, FOR THE CURRENT REFUNDING AND REDEMPTION OF THE CHARLESTON BUILDING COMMISSION LEASE REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,175,000 AND THE PAYMENT OF COSTS INCURRED IN CONNECTION WITH SUCH BONDS AND SUCH REFUNDING AND REDEMPTION; AUTHORIZING THE LEASE OF THE EQUIPMENT FINANCED WITH THE PROCEEDS OF SUCH SERIES 1999 BONDS TO THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AND SUCH EQUIPMENT TO THE CITY OF CHARLESTON; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND TRUST INDENTURE AND AN AGREEMENT AND LEASE WITH THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.; AUTHORIZING AND DIRECTING THE EXECUTION, DELIVERY AND SALE OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO SUCH CURRENT REFUNDING AND REDEMPTION AND THE FINANCING THEREOF.

The above-entitled Ordinance was passed by the Charleston Building Commission on January 15, 2010. The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the bond issue contemplated thereby. Because the Bonds are being issued in 2010, rather than in 2009, the series designation reflected in the Ordinance title will be changed to Series 2010. The proceeds of the Bonds will be used, together with other available funds, to currently refund and redeem all the outstanding Charleston Building Commission Lease Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"). The proceeds of the 1999 Bonds were used to finance the acquisition and installation of certain equipment, including but not limited to, performance equipment, acoustical curtains, theatre seats, film projector and other furnishings (the "Equipment") for the Clay Center for the Arts and Sciences (the "Clay Center"). The Equipment will be leased by the Building Commission to the Corporation described below, which will in turn sublease it to the City of Charleston (the "City") for use at the Clay Center. The Equipment may ultimately be owned by the Corporation (defined below). The Clay Center, which is the location of the Equipment being refinanced with the proceeds of the Bonds, is located on one City square, being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street and on the East by Leon Sullivan Way. The Clay Center is owned and operated by Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), which is a West Virginia 501(c)(3) nonprofit corporation. The rentals to be paid by the City under the sublease and, in turn, by the Corporation under the lease will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds, and the sublease will be subject to annual termination by the City. The Bonds are payable solely from revenues and rentals to be derived from the lease and other funds and property pledged under a Bond Trust Indenture from the Issuer. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Charleston Building Commission, 815 Quarrier Street, Suite 222, Charleston, West Virginia, for inspection by interested persons during regular office hours.

Dated January 15, 2010

CHARLESTON BUILDING COMMISSION

By: Patrick H. Brown, Secretary

(414248)

C HARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
$2,225,000 SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED) AND
$55,000 SERIES 2010B (TAXABLE)

GENERAL CERTIFICATE OF THE CHARLESTON BUILDING COMMISSION ON:

1. INCUMBENCY; CORRECT NAME OF ISSUER
2. AUTHORIZED ISSUER REPRESENTATIVES; SIGNATURES
3. SEAL
4. EXECUTION OF BONDS
5. DELIVERY OF BONDS
6. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS
7. SPECIMEN BOND
8. NO LITIGATION
9. NO ADVERSE CIRCUMSTANCES
10. REPRESENTATIONS OF THE ISSUER AND COMPLIANCE
11. TRANSCRIPT DOCUMENTS AS "ATTACHED"
12. OTHER DOCUMENTS
13. NO LEGISLATION
14. DUE AUTHORITY
15. CONFLICTS OF INTEREST
16. QUALIFIED TAX-EXEMPT OBLIGATIONS
17. STATEMENTS RESPONSIVE TO PURCHASE AGREEMENT
18. RELIANCE
19. COUNTERPARTS

The undersigned CHAIRMAN and SECRETARY of the CHARLESTON BUILDING COMMISSION (the "Issuer"), a public corporation and municipal building commission, organized and existing under the laws of the State of West Virginia, and the undersigned COUNSEL for the Issuer, HEREBY CERTIFY for and on behalf of the Issuer to Crews & Associates, Inc. (the "Original Purchaser" or "Purchaser"), to all counsel connected with the above-captioned bond issue and to all other interested parties as follows, jointly unless otherwise stated, all capitalized terms herein and not otherwise defined herein having the meanings set forth in the Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as Trustee:

1. INCUMBENCY; CORRECT NAME OF ISSUER. The proper name of the Issuer is "Charleston Building Commission," and the Issuer is a public corporation and municipal building commission and political subdivision of the State of West Virginia, with its principal office situate in the City of Charleston, Kanawha County, West Virginia. Each of the following persons has been duly appointed to the Board of the Issuer by the City Council of the City of Charleston and each member was, at the time of such appointment, and presently is, duly qualified, authorized and acting in accordance with the provisions of West Virginia law for such office, for a term of office expiring on the date set opposite his or her name below:

Member		Term Expires
R. Brawley Tracy	Boardmember	July 20, 2010
Olivia Singleton	Boardmember	July 20, 2013
Walter B. Dial, Jr.	Boardmember	July 20, 2012
Paula Butterfield	Boardmember	July 20, 2014
Sandra Thomas	Boardmember	July 20, 2011

R. Brawley Tracy is the duly qualified and acting Chairman of the Issuer.

Sandra Thomas is the duly qualified and acting Vice-Chairman of the Issuer.

Patrick H. Brown is the duly qualified and acting Secretary of the Issuer.

Carolyn S. Layne is the duly qualified and acting Assistant Secretary of the Issuer.

The aforesaid have duly taken the prescribed oaths of office and have duly filed any bonds required by law.

2. AUTHORIZED ISSUER REPRESENTATIVES; SIGNATURES. The Chairman, Vice Chairman and Secretary (the "Authorized Representatives") are each authorized and empowered for and on behalf of the Issuer to execute, acknowledge and deliver the Bond Documents (as hereinafter defined) under the terms of the Indenture. The signatures set forth at the bottom of this General Certificate constitute the specimen signatures of such Authorized Representatives.

3. SEAL. The seal impressed upon this certificate has been impressed upon the Bonds and is the legally adopted, proper and only official corporate seal of the Issuer.

4. EXECUTION OF BONDS. On the date hereof, the $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) of the Issuer dated as of the date hereof (the "Series A Bonds"), initially represented by a single Bond for each maturity, numbered from AR-1 through AR-5, and the $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) of the Issuer dated as of the date hereof (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), initially represented by a single Bond No. BR-1, were

duly and completely executed in the name and on behalf of the Issuer by the manual signature of the undersigned Chairman, by the impressing thereon of the corporate seal of the Issuer and by the attestation of such seal by the affixing of the manual signature of the undersigned Secretary.

5. DELIVERY OF BONDS. On the date hereof, the Bonds were delivered to the Original Purchaser.

6. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS. The following documents conform with the substantial forms prescribed in an Ordinance of the Issuer passed on January 15, 2010, which became effective after a duly noticed public hearing held on February 16, 2010, as supplemented by the Resolution of the Issuer adopted on February 16, 2010 (the aforesaid Ordinance, supplementing Resolution and Certificate of Determination executed as of February 18, 2010, together, the "Ordinance"), the execution, delivery and/or acceptance thereof having been duly authorized, approved, ratified and/or confirmed by all necessary and proper action, and each such document required to be executed by the Issuer has been properly executed by the Chairman, acknowledged, where appropriate, and the seal of the Issuer has been duly affixed and attested by the Secretary or Assistant Secretary, where appropriate, in multiple counterparts thereof and such documents (the "Bond Documents") have been delivered to the appropriate parties:

(1) The Indenture;

(2) The Agreement and Lease, dated as of February 1, 2010 (the "Lease"), between the Issuer as lessor and the Corporation, as lessee;

(3) The First Amendment to Equipment Lease, dated as of February 1, 2010 (together with the 1999 Equipment Lease, the "Sublease"), between the Corporation as sublessor and the City as sublessee

(3) The Bonds (the form of which was approved in the Indenture).

7. SPECIMEN BONDS. There are delivered herewith true, correct and complete specimen copies of Series A Bonds AR-1 through AR-5 and of Series B Bond BR-1.

8. NO LITIGATION. No action, suit, inquiry, investigation, litigation, controversy or proceeding is pending against or affecting the Issuer or to our knowledge threatened against the Issuer in any court or administrative or governmental body or arbitration board contesting or affecting the due organization and valid existence or power of the Issuer or the title of its officers to their respective offices or the validity, due authorization and execution of the Bond Documents or the enactment of the Ordinance, or attempting to limit, enjoin or otherwise affect, restrict or prevent the Issuer from executing, delivering or issuing the Bonds or otherwise performing the transactions contemplated in the Bond Documents, or functioning and collecting revenues including payments pursuant to the Lease and other income, or which would adversely affect the validity or enforceability of the Bonds, the Ordinance, the Bond Documents or any other document, instrument or agreement in connection therewith.

9. NO ADVERSE CIRCUMSTANCES. To our knowledge, no event affecting the Issuer has occurred since the date of the creation thereof which should be disclosed at this time to make all certifications herein and all covenants and provisions regarding the Issuer contained in the Ordinance, the Bond Documents and all documents, instruments, agreements and certificates in connection therewith apply fully and in good faith upon delivery of the Bonds. No event of default or default has occurred and is continuing with respect to the Bonds at the time hereof.

10. REPRESENTATIONS OF THE ISSUER AND COMPLIANCE. The representations and warranties of the Issuer or pertaining to the Issuer in the Ordinance, the Bond Documents and all documents, instruments, agreements and certificates in connection therewith are true, complete and correct in all material respects on and as of the date hereof, as though such representations and warranties had been made on and as of the date hereof. The Issuer has complied with all agreements and satisfied all conditions on its part to be performed or satisfied prior to the issuance of the Bonds.

11. TRANSCRIPT DOCUMENTS AS "ATTACHED." Wherever in any certificate, agreement, instrument, paper or document in the Bond Transcript in which this certificate is included, there is reference to any document, certificate, agreement, instrument or paper as being attached to any other such document, certificate, agreement, instrument or paper, such attached material shall be considered as so attached if included in the Bond Transcript, although not actually attached to the document, certificate, agreement, instrument or paper in question, to the end of avoiding useless duplication of documents, agreements, instruments, papers and certificates in the Bond Transcript. The copies of the Ordinance included in the Bond Transcript as Documents No. 1 are true, correct and complete copies of the Ordinance and are in full force and effect and have not been modified, amended, superseded or repealed as of the date hereof.

12. OTHER DOCUMENTS. The Ordinance, the Bond Documents and all other agreements, instruments, certificates and documents required to be executed or approved by the Issuer and delivered in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance and the Bond Documents have been duly authorized and executed or approved by the Issuer and delivered, and as of the date hereof, each is in full force and effect, and all rights, interests and privileges of the Issuer in, to and under the Lease, including but not limited to, all rentals and revenues (with the exception of any rights of the Issuer to payment of expenses), have been duly pledged and assigned under the Indenture for the benefit of the owners of the Bonds, and such documents have not been amended or supplemented except by the Bond Documents, and other than as so amended, remain in full force and effect.

13. NO LEGISLATION. To the best of our knowledge, no legislation, ordinance, rule or regulation is pending or has been enacted or introduced or favorably reported for passage by any governmental body, department or agency of the State of West Virginia or the Issuer, or a decision by any court of competent jurisdiction of such state rendered, the effect of which would be to remove or adversely affect the exemption from taxation of all bonds and obligations of the general character of the Bonds issued by the Issuer.

14. DUE AUTHORITY. No authority or proceedings for the issuance of the Bonds, or documents executed in connection therewith has been repealed, revoked, rescinded or superseded.

15. CONFLICTS OF INTEREST. No member of the Board of, or officer of, the Issuer is pecuniarily interested, directly or indirectly, in the issuance of the Bonds or the execution of the Bond Documents.

16. QUALIFIED TAX-EXEMPT OBLIGATIONS. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

17. STATEMENTS RESPONSIVE TO PURCHASE AGREEMENT. As required by Subsection 8(c) of the Bond Purchase Agreement dated February 18, 2010, between the Issuer and the Trustee, and approved by the City (the "Bond Purchase Agreement"), the Issuer hereby certifies as follows:

A. The representations and warranties made by the Issuer in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date;

B. The Ordinance has not been modified, amended or repealed as of the date hereof; and

C. No litigation or proceeding is pending, or to our knowledge, threatened in any court or by or before any administrative body contesting the due organization or valid existence of the Issuer or the validity, due authorization or execution of the Bonds, the Official Statement, the Indenture, the Lease, the Sublease or the Bond Purchase Agreement, or use of either the Preliminary Official Statement or the Official Statement.

18. RELIANCE. The undersigned acknowledge that it is intended that interest on the Series A Bonds be excludable from gross income for federal income tax purposes in the hands of the owners thereof, that the firm of Jackson Kelly PLLC is rendering an opinion on the date hereof to said effect and with respect to other matters, and that, in rendering said opinion, said firm is relying, among other things, upon the statements made herein and in the Tax Certificate. The Original Purchaser is also entitled to rely upon the statements made herein and the opinions and other certificates delivered in connection with the issuance of the Bonds with respect to the matters set forth herein or therein.

19. COUNTERPARTS. This Certificate may be executed in counterparts and all such parts shall be deemed to be the Certificate.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the official seal of the CHARLESTON BUILDING COMMISSION to be affixed on this 25th day of February 2010.

[SEAL]

SIGNATURE	OFFICIAL TITLE
R. Bromley Tracy	Chairman
Patricia H. Brosnan	Secretary
S. R. F. White	Counsel for Issuer

CHARLESTON BUILDING COMMISSION LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
$2.225.000 SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED) AND
$55,000 SERIES 2010B (TAXABLE)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

February 25, 2010

The Bank of New York Mellon,
as Trustee
West Paterson, New Jersey

Ladies and Gentlemen:

We herewith hand to you, duly executed, $2,225,000 in aggregate principal amount of the Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) and $55,000 in aggregate principal amount of the Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (together, the "Bonds") of the Charleston Building Commission (the "Issuer"), authorized to be issued under and pursuant to the Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), by and between the Issuer and The Bank of New York Mellon (the "Trustee"). Capitalized terms used herein but not otherwise defined shall have the meanings respectively given such terms in the Indenture.

The Issuer has delivered the following documents required to be filed with you pursuant to the Indenture:

(i) A certified copy of the Ordinance of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Lease and the Indenture;

(ii) A certified copy of the ordinance of the City Council, approving the Sublease;

(iii) An executed counterpart of the Lease;

(iv) An executed counterpart of the First Amendment to Equipment Lease;

(v) An executed counterpart of the Indenture;

(vi) This request and authorization to the Trustee by the Issuer, signed by the Chairman of the Issuer, to authenticate and deliver the Bonds to the Underwriter, upon payment to the Trustee or the Escrow Agent, as applicable, for the account of the Issuer, of the purchase price thereof; and

(vii) An approving legal opinion of Bond Counsel.

You are hereby requested and authorized to authenticate and deliver the Bonds on behalf of the Issuer to The Depository Trust Company for the account of Crews & Associates, Inc., as the Underwriter and original purchaser of the Bonds, upon payment to you by federal funds wire transfer of $2,211,505.30, constituting the aggregate principal amount of the Bonds, less an original issue discount on the Series 2010A Bonds of $11,494.70 and underwriting discounts of $57,000.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this 25th day of February 2010.

CHARLESTON BUILDING COMMISSION

By: R. Brady Tracy
Its: Chairman

{M0626196.1}

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

DIRECT NO. (304) 340-1318 FAX NO. (304) 340-1272

EMAIL: sgee@jacksonkelly.com

April 5, 2010

CERTIFIED - RETURN RECEIPT REQUESTED 91 7108 2133 3935 9079 6907

Internal Revenue Service Center
Ogden, UT 84201

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)

Ladies and Gentlemen:

Enclosed are two copies of Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues, relative to the above-described bond issue. Please file one copy and return one copy marked "Filed" to the undersigned in the enclosed postage paid, self-addressed envelope.

Very truly yours,

Samme L. Gee

SLG:lp

Enclosures

{C1687565.1}

Form **8038**
(Rev. September 2007)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Private Activity Bond Issues

(Under Internal Revenue Code section 149(e))
▶ See separate instructions.

OMB No. 1545-0720

Part I Reporting Authority

Check if **Amended Return** ▶ ☐

1 Issuer's name Charleston Building Commission	2 Issuer's employer identification number 55 6000160
3 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite 815 Quarrier Street / Suite 244	4 Report number 1 01
5 City, town, or post office, state, and ZIP code Charleston, West Virginia 25301	6 Date of issue February 25, 2010
7 Name of issue $2,225,000 Lease-Revenue Refunding Bonds (Center for Arts and Sciences of WV), Series 2010A	8 CUSIP number 160506 AV3
9 Name and title of officer or legal representative whom the IRS may call for more information Patrick H. Brown, III - Director	10 Telephone number of officer or legal representative (304) 348-6890

Part II Type of Issue (check the applicable box(es) and enter the issue price for each)

			Issue Price
11	Exempt facility bond:		
a ☐	Airport (sections 142(a)(1) and 142(c))	11a	
b ☐	Docks and wharves (sections 142(a)(2) and 142(c))	11b	
c ☐	Water furnishing facilities (sections 142(a)(4) and 142(e))	11c	
d ☐	Sewage facilities (section 142(a)(5))	11d	
e ☐	Solid waste disposal facilities (section 142(a)(6))	11e	
f ☐	Qualified residential rental projects (sections 142(a)(7) and 142(d)), (see instructions)	11f	
	Meeting 20–50 test (section 142(d)(1)(A)) ☐		
	Meeting 40–60 test (section 142(d)(1)(B)) ☐		
	Meeting 25–60 test (NYC only) (section 142(d)(6)) ☐		
	Has an election been made for deep rent skewing (section 142(d)(4)(B))? ☐ Yes ☐ No		
g ☐	Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	11g	
h ☐	Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	11h	
	Facility type		
	1986 Act section		
i ☐	Qualified enterprise zone facility bonds (section 1394) (see instructions)	11i	
j ☐	Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	11j	
k ☐	District of Columbia Enterprise Zone facility bonds (section 1400A)	11k	
l ☐	Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	11l	
m ☐	Qualified green building and sustainable design projects (sections 142(a)(14) and 142(l))	11m	
n ☐	Qualified highway or surface freight transfer facilities (sections 142(a)(15) and 142(m))	11n	
o ☐	Qualified Gulf Opportunity Zone Bonds (sections 1400N(a)(1)(A) and 1400N(a)(2)(A)(i))	11o	
p ☐	Qualified New York Liberty Bonds (section 1400L(d))	11p	
q ☐	Other. Describe (see instructions) ▶	11q	
12a ☐	Qualified mortgage bond (section 143(a))	12a	
b ☐	Qualified Gulf Opportunity Zone mortgage bond (sections 1400N(a)(1)(B) and 1400N(a)(2)(A)(ii))	12b	
13 ☐	Qualified veterans' mortgage bond (section 143(b)) (see instructions) ▶	13	
	Check the box if you elect to rebate arbitrage profits to the United States ☐		
14 ☐	Qualified small issue bond (section 144(a)) (see instructions) ▶	14	
	Check the box for $10 million small issue exemption ☐		
15 ☐	Qualified student loan bond (section 144(b))	15	
16 ☐	Qualified redevelopment bond (section 144(c))	16	
17 ☐	Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	17	
18 ☑	Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	18	2,213,505.30
	Check box if 95% or more of net proceeds will be used **only** for capital expenditures ▶ ☐		
19 ☐	Nongovernmental output property bond (treated as private activity bond) (section 141(d))	19	
20a ☐	Gulf Opportunity Zone advance refunding bond (sections 1400N(b)(1)) (see instructions)	20a	
b ☐	New York Liberty Zone advance refunding bond (section 1400L(e)) (see instructions)	20b	
c ☐	Other. Describe (see instructions) ▶	20c	

Part III Description of Bonds (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	June 1, 2024	$ 2,213,505.30	$ 2,225,000	8.349 years	4.0948936 %

Part IV **Uses of Proceeds of Issue** (including underwriters' discount)

					Amount
22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	2,213505.30
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	42,098.57		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issue (complete Part VI)	27	2,171,406.73		
28	Proceeds used to advance refund prior issue (complete Part VI)	28	0		
29	Add lines 24 through 28			29	2,213,505.30
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0

Part V **Description of Property Financed by Nonrefunding Proceeds**

Caution: *The total of lines 31a through e below must equal line 30 above. Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.*

31	**Type of Property Financed by Nonrefunding Proceeds:**		Amount
a	Land	31a	
b	Buildings and structures	31b	
c	Equipment with recovery period of more than 5 years	31c	
d	Equipment with recovery period of 5 years or less	31d	
e	Other (describe)	31e	

32 North American Industry Classification System (NAICS) of the projects financed by nonrefunding proceeds.

	NAICS Code	Amount of nonrefunding proceeds		NAICS Code	Amount of nonrefunding proceeds
a		$	c		$
b		$	d		$

Part VI **Description of Refunded Bonds** (Complete this part only for refunding bonds.)

33 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ 8.317 years

34 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ years

35 Enter the last date on which the refunded bonds will be called ▶ March 29, 2010

36 Enter the date(s) the refunded bonds were issued ▶ June 23, 1999

Part VII **Miscellaneous**

37 Name of governmental unit(s) approving issue (see the instructions) ▶ City of Charleston, approval certificate dated February 25, 2010, executed by Mayor of City, after public hearing held February 26, 2010 by Charleston Building Commission

38 Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) ▶ ☑

39 Check the box if you have elected to pay a penalty in lieu of arbitrage rebate ▶ ☐

40 Check the box if you have identified a hedge (see instructions) ▶ ☐

41 Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds and provide name and EIN of the primary private user ▶ ☐

Name ▶ EIN

Part VIII **Volume Caps**

			Amount
42	Amount of state volume cap allocated to the issuer. **Attach copy of state certification**	42	
43	Amount of issue subject to the unified state volume cap	43	
44	Amount of issue not subject to the unified state volume cap or other volume limitations:	44	
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	44a	
b	Under a carryforward election. Attach a copy of Form 8328 to this return	44b	
c	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	44c	
d	Under the exception for current refunding (section 146(i) and section 1313(a) of the Tax Reform Act of 1986)	44d	
45a	Amount of issue of qualified veterans' mortgage bonds	45a	
b	Enter the state limit on qualified veterans' mortgage bonds	45b	
46a	Amount of section 1394(f) volume cap allocated to issuer. **Attach copy of local government certification**	46a	
b	Name of empowerment zone ▶		
47	Amount of section 142(k)(5) volume cap allocated to issuer. **Attach copy of state certification**	47	

Sign Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

R. Brawley Tracy — Signature of officer

February 25, 2010 — Date

R. Brawley Tracy — Name of above officer (type or print)

Chairman — Title of officer (type or print)

ATTACHMENT TO 8038

Issuer: Charleston Building Commission

No.: 1-01

Date: February 25, 2010

Item 18:

Clay Center for Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation (the "Corporation")

TIN: 55-0702401

Amount of this issue benefitting Corporation: $2,213,505.30

All outstanding bond issues benefitting Corporation: None

Items 27 and 29:

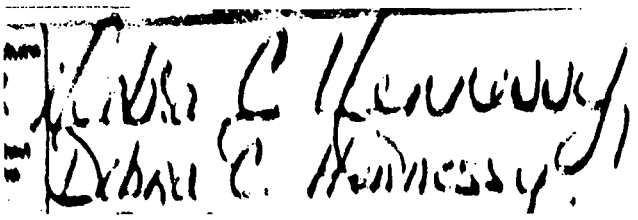
$88,564.53 of transferred proceeds will also be used for the current refunding

UNITED STATES
POSTAL SERVICE.

Date: 04/08/2010

Lisa Pringle:

The following is in response to your 04/08/2010 request for delivery information on your Certified Mail(TM) item number 7108 2133 3935 9079 6907. The delivery record shows that this item was delivered on 04/07/2010 at 06:41 PM in OGDEN, UT 84201 to D HENNESSY. The scanned image of the recipient information is provided below.

Signature of Recipient: 

Address of Recipient:

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

CHARLESTON BUILDING COMMISSION
$2,225,000 LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED) AND
$50,000 LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
SERIES 2010B (TAXABLE)

GENERAL CERTIFICATE OF CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

The undersigned duly authorized President of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a not-for-profit corporation located within and incorporated under the laws of the State of West Virginia (the "Corporation"), does HEREBY CERTIFY in connection with the issuance by the Charleston Building Commission (the "Issuer"), of the above-referenced bonds (the "Bonds") as follows:

1. The undersigned is the duly appointed and serving President of the Corporation, duly appointed by the Board of Directors of the Corporation, and she is familiar with the terms of the transaction relating to the Bonds. Capitalized terms used and not otherwise defined in this Certificate have the respective meanings given them in the Lease and Agreement dated as of February 1, 2010 (the "Lease"), between the Charleston Building Commission, as lessor, and the Corporation, as lessee.

2. The Corporation is a private, nonstock, nonprofit corporation organized and validly existing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws, or any amendments to either, from conducting its business described in, or effectuating the transactions contemplated in, the Lease.

3. There is attached as Exhibit A hereto a true, correct and complete copy of the resolution duly and regularly adopted by the Executive Committee of the Corporation, at a meeting duly called and held pursuant to all required notice, which resolution has been adopted pursuant to the Articles of Incorporation and Bylaws of the Corporation and has not been amended, modified, supplemented or repealed and is in full force and effect on the date hereof. There is attached as Exhibit B hereto a true, correct and complete copy of the Bylaws of the Corporation. The Corporation has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Lease and the Sublease.

4. There is attached as Exhibit C hereto a true, correct and complete copy of the letter or letters received by the Corporation from the Internal Revenue Service granting to the Corporation status as a Section 501(c)(3) corporation, and the Corporation has received no letter or notice revoking, amending, limiting or modifying the statements made in said letters in any respect. The Corporation is in compliance with the terms, conditions and limitations in said letters and the facts and circumstances that form the basis thereof continue substantially to exist. The Corporation is an organization exempt from taxation pursuant to Section 501(a) of the Code.

[Remainder of Page Intentionally Left Blank]

Dated this 25th day of February 2010.

CLAY CENTER FOR THE ARTS AND SCIENCES
OF WEST VIRGINIA, INC.

By: Judith L. Wellington, Ph.D., President

{M0626798.1}

RESOLUTION OF THE EXECUTIVE COMMITTEE
CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

WHEREAS, pursuant a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Charleston Building Commission (the "Building Commission") and Bank One, West Virginia, National Association, as trustee, the Building Commission issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment (the "Equipment") for the Clay Center for the Arts and Sciences of West Virginia (formerly, the Center for the Arts and Sciences of West Virginia) (the "Clay Center"), which Equipment is currently owned by the Building Commission and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), pursuant to a Contract of Lease-Purchase dated as of June 1, 1999;

WHEREAS, the Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of this Resolution in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded");

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded

WHEREAS, at the request of the City, the Building Commission has authorized the issuance of its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (the "2010A Bonds"), in the aggregate principal amount of not to exceed $2,450,000, and its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "2010B Bonds" and, together with the 2010A Bonds, the "2010 Bonds"), in the aggregate principal amount of not to exceed $150,000, for the purpose of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs of issuance of the 2010 Bonds and related costs;

WHEREAS, the Building Commission has designated the 2010A Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3)(D) of the Internal

Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Corporation desires to continue to lease the Equipment from the Building Commission, and the Building Commission is willing to continue to lease the Equipment to the Corporation, and the Corporation is willing to continue to sublease the Equipment to the City pursuant to the terms, respectively, of a Lease and Agreement between the Building Commission and the Corporation, a proposed form of which has been presented to this Executive Committee (the "Lease"), and of an amendment or restatement of the 1999 Sublease or a new Equipment Sublease between the Corporation and the City (the "Sublease") and to authorize the current refunding and redemption of the Bonds To Be Refunded pursuant to the Lease and Sublease, for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the 2010 Bonds when due;

WHEREAS, the principal and redemption price of and interest on the 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate to be created in the Trust Indenture to be entered into between the Building Commission and The Bank of New York Mellon, as trustee (the "Trust Indenture"), and the pledges thereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under the Trust Indenture, and the 2010 Bonds will not constitute an indebtedness of the State of West Virginia, the Building Commission or the City or a charge against any of the property thereof, or give any right against any member or officer of the Building Commission or the City or its Council;

NOW, THEREFORE, BE IT RESOLVED BY THE EXECUTIVE COMMITTEE OF THE CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., AS FOLLOWS:

Section 1. Authority. This Executive Committee has full power and authority to act on behalf of the Corporation in the approval of the Lease and the Sublease, which Lease and Sublease, upon their execution and delivery, will be valid and binding obligations of the Corporation, enforceable in accordance with their terms.

Section 2. Refunding. This Executive Committee hereby finds that the current refunding and redemption on the earliest practicable redemption date of all the Bonds To Be Refunded are in the best interest of the Corporation, authorizes such current refunding and redemption and the issuance of the 2010 Bonds for such purpose and requests the Building Commission to issue the 2010 Bonds for such purpose and for paying the costs of issuance of the 2010 Bonds and to call the Bonds To Be Refunded for redemption on the earliest practicable redemption date.

Section 3. Lease and Sublease. The President of the Corporation is hereby authorized and directed to enter into the Lease with the Building Commission and the Sublease with the City.

Section 4. Qualified Tax-Exempt Obligations. The Corporation hereby confirms and approves the Building Commission's designation and hereby designates the 2010A Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

Section 5. Incidental Actions. The President, the Chair and any Vice Chair of the Board and any other appropriate and duly authorized officer of the Corporation, each is hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates and to take such other action as may be necessary or appropriate in order to effectuate the execution and delivery of the Lease and the Sublease and the issuance of the 2010 Bonds, including but not limited to a Security Agreement with respect to the Equipment. The execution, delivery and due performance of documents are hereby in all respects approved, authorized, ratified and confirmed, including all acts heretofore taken in connection with the refunding and redemption of the Bonds To Be Refunded and the leasing and subleasing of the Equipment.

Section 6. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED this 4th day of February 2010.

Lloyd G Jackson II
Secretary

{M0623436.1}

AMENDED AND RESTATED
BYLAWS
OF
CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

August 29, 1995
as amended on February 20, 1996
and further amended on September 5, 1996
and further amended on December 4, 1997
and further amended on September 9, 1999
and further amended on June 7, 2001
and further amended on June 19, 2003
and further amended on March 4, 2004
and further amended on March 3, 2005
and further amended on December 1, 2005
and further amended on July 1, 2006
and further amended on June 28, 2007
and further amended on September 6, 2007
and further amended on December 6, 2007
and further amended on September 9, 2009

ARTICLE I. OFFICES

The principal office of the Corporation in the State of West Virginia will be located in the City of Charleston, County of Kanawha. The Corporation may have such other offices either within or without the State of West Virginia, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

ARTICLE II. MEMBERS

The Corporation has no members.

ARTICLE III. BOARD OF DIRECTORS

Section 1. General Authority. The affairs of the Corporation will be managed by its Board of Directors, which shall have full authority to take such actions as it deems necessary or appropriate to accomplish the purposes for which the Corporation has been formed.

Section 2. Number, Tenure and Qualifications. There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall serve on the board for three-year staggered terms, except that one-third of the Directors elected as of the effective date of these Amended and Restated Bylaws shall serve a term of one-year, one-third a term of two years and one-third a term of three years. Directors who are elected to a three-year term may succeed themselves in office for two additional three-year terms and Directors who are elected to a one or two-year term may succeed themselves in office for three additional three-year terms. At all times, the Board of Directors shall be a self-perpetuating board with staggered terms which shall be determined by dividing the number of total Directors, other than ex officio directors, into three groups, with each group containing approximately the same percentage of the total number of directors, as possible, such that one group of Directors shall be elected at each annual meeting. The Board shall have the power to fill any vacancy occurring in the interim of annual meetings. The Directors need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

Chairman of the Board of Directors of the West Virginia Symphony Orchestra
Mayor of the City of Charleston
Member of the County Commission of Kanawha County selected by said Commission
Chairman of the Board of Directors of the West Virginia Chamber of Commerce
Chairman of the Board of Directors of the Charleston Area Alliance
Chairman of the Friends of Clay Center
President of the Collectors Club

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting authority.

Section 3. <u>Appointments and Elections</u>.

(a) The Governor of the State of West Virginia shall appoint nine members of the Board of Directors with the advice and consent of the Senate of West Virginia. Of the appointed members, three shall be selected from each congressional district of the State of West Virginia: provided that none of the appointed members shall be a resident of Kanawha County. The members appointed by the Governor with the advice and consent of the Senate shall serve on the Board for three-year staggered terms. Of the members first appointed by the Governor, one from each congressional district shall serve a three-year term, one from each congressional district shall serve a two-year term, and one from each congressional district shall serve a one-year term. The Governor shall fill any vacancy among these nine appointed members, created by death, resignation, or other cause with the advice and consent of the Senate, provided that at all times each congressional district shall have three members on the Board of Directors.

(b) In addition to the ex-officio member of the Board of Directors, the Kanawha County Commission shall appoint one member of the Board of Directors who shall serve a three-year term.

(c) Two members of the Board of Directors shall be appointed by the Clay Foundation, Inc.

(d) All remaining members of the Board of Directors shall be elected at the annual meeting of Directors held in each year to fill the vacancies created by the directors whose terms are expiring. Additional members of the Board of Directors, up to the limit of sixty, or as needed to fill any vacancy created by death, resignation or other cause, may be elected at any regular or special meeting upon due notice to the members entitled to vote thereon.

Section 4. Regular Meetings. The annual meeting of the Board of Directors shall be held in June of each year on such date and at such time and place as the Executive Council shall determine. Additional regular meetings of the Board of Directors shall be held at such time and place as determined by the Executive Council.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman or the Executive Council. The person or persons authorized to call special meetings of the board may fix any place, either within or without the State of West Virginia, for holding any special meeting of the Board called by them.

Section 6. Notice. In voluntary compliance with West Virginia Code ' ' 6-9A-1 *et seq.*, all regular and special meetings of the Board of Directors shall be

open to the public. Each director, the public and the news media shall be advised of the date, time, place and agenda of all regular meetings and the time, place and purpose of all special meetings in advance thereof by the mailing at least ten and not more than thirty days in advance of any regular meeting and five days in advance of any special meeting. Such notice will be accomplished by written notice delivered personally or sent by mail, telegram, facsimile, e-mail or other electronic means to the following:

A. Each director at his or her address as shown by the record of the Corporation; and

B. Each newspaper, radio station and television station in Kanawha County; and

C. The County Clerk of the Kanawha County Commission with instructions to post the same in the Courthouse where other legal notices are posted; and

D. Each member of the Kanawha County Commissions; and

E. Each Mayor and Clerk or Recorder of each municipal corporation within Kanawha County.

Provided however, that the foregoing notice shall not be required in the event of an emergency requiring immediate official action. None of the foregoing shall be construed to prevent the Board of Directors from holding an executive session during a regular, special or emergency meeting, after the presiding officer has identified the authorization therefore under the provisions of West Virginia Code ' 6-9A-4 of the Open Governmental Proceedings Act and so advised the governing body and the general public in attendance. No decision shall be made in such executive session. If mailed, such notice will be deemed to be delivered when deposited in the United States mail in a

sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice will be deemed to be delivered when the telegram is delivered to the telegraph company. If notice is given by facsimile, e-mail or other electronic means, such notice will be deemed to be delivered when the facsimile, e-mail or electronic communication is transmitted. Any Director may waive notice of any meeting. The attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 7. Quorum. A majority of the Board of Directors will constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8. Manner of Acting. The act of a majority of the Directors present at any meeting at which a quorum is present will be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws.

Section 9. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than the quorum of the Board of Directors. A Director elected to fill a vacancy will be elected for the unexpired term of his or her predecessor in office.

Section 10. Compensation. Directors as such will not receive any compensation for their services.

Section 11. Informal Action By Directors. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the Directors.

Section 12. Telephone Conference. Members of the Board of Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at the meeting.

Section 13. Advisory Board. The Board of Directors shall create an Advisory Board and from time to time appoint thereto past trustees who have made significant contributions to the Corporation but, for whatever reason, no longer wish to remain actively involved.

ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the Corporation will be a Chairman, a President, a First Executive Vice Chairman, a Second Executive Vice Chairman, and one Vice Chairman (the President of the West Virginia Symphony Orchestra), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including

one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable, such officers to have the authority, and to perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person. All officers, other than the President and any Vice President, shall be elected from the membership of the Board of Directors.

Section 2. Election and Term of Office. The officers of the Corporation will be elected annually by the Board of Directors at the annual meeting of the Board of Directors held in June. If the election of officers is not held at such meeting, such election will be held as soon thereafter as is convenient. New offices may be created and filled at any meeting of the Board of Directors. Each officer will hold office until his or her successor has been duly elected and has qualified. The officers may succeed themselves in office, provided that the Chairman shall be limited to three consecutive one-year terms.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by a majority vote of the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal will be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. Chairman. The Chairman shall preside at meetings of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of

the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, expressly delegated by the Board of Directors or by these bylaws or by statute to some other officer or agent of the Corporation; and in general he or she will perform such other duties as from time to time shall be prescribed by the Board of Directors. The Chairman shall be an ex-officio member of any committee of the Corporation.

Section 6. President. The President shall be the chief executive officer of the Corporation and will in general supervise and control all of the business and affairs of the Corporation. He or she may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed; and in general he or she will perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall be an ex-officio member of any committee of the Corporation.

Section 7. First and Second Executive Vice Chairman. In the absence of the Chairman, or in the event of his or her death, inability or refusal to act, the First Executive Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. In the absence of the Chairman and the First Executive Vice Chairman, the Second Executive Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all of the restrictions upon the Chairman.

The First Executive Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors. The Second Executive Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors. The First Executive Vice Chairman may be considered for the office of Chairman upon the conclusion of the term of the current Chairman or any consecutive terms of the current Chairman, provided that the First Executive Vice Chairman must be elected the Chairman by the Board of Directors at the annual meeting of the Board of Directors before becoming the Chairman. The Second Executive Vice Chairman may be considered for the office of First Executive Vice Chairman upon the conclusion of the term of the current First Executive Vice Chairman or any consecutive terms of the current First Executive Vice Chairman, provided that the Second Executive Vice Chairman must be elected the First Executive Vice Chairman by the Board of Directors at the annual meeting of the Board of Directors before becoming the First Executive Vice Chairman.

Section 8. Vice Chairman. In the absence of the Second Executive Vice Chairman, or in the event of his or her death, inability or refusal to act, the Vice Chairman shall perform the duties of the Second Executive Vice Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Second Executive Vice Chairman. A Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors.

Section 9. Vice President. If a Vice President is elected, the Vice President will perform such duties as from time to time may be assigned to him or her by the Chairman, the President, or by the Board of Directors.

Section 10. Treasurer. If required by the Board of Directors, the Treasurer will give a bond or comparable insurance coverage for the faithful discharge of his or her duties in such amount and with such surety or sureties or insurance company or companies as the Board of Directors determines. The cost for such bond or insurance shall be paid by the Corporation. He or she will have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation at such banks, trust companies or other depositories as are selected in accordance with the provisions of Article VI of these bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors.

Section 11. Secretary. The Secretary will keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these bylaws; keep a register of the post office address of each Director

which shall be furnished to the Secretary by such Director; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors.

Section 12. Assistant Treasurers and Assistant Secretaries. If required by the Board of Directors, the Assistant Treasurers shall give a bond or comparable insurance coverage for the faithful discharge of their duties in such amount and with such surety or sureties or insurance company or companies as the Board of Directors shall determine. The cost for such bond or insurance shall be paid by the Corporation. The Assistant Treasurers and the Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the Chairman, the President, or the Board of Directors.

ARTICLE V. COMMITTEES

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint an Executive Committee which shall be called an Executive Council and which shall consist of the following:

Chairman
Immediate Past Chairman
President
Executive Vice Chairman
Vice Chairmen
Secretary
Treasurer
Member of the Kanawha County Commission serving as ex officio Director
Mayor of the City of Charleston

One of the two Directors appointed by the Clay Foundation
Other Directors appointed by the Chairman

The Council shall consist of no less than nine and no more than sixteen members and shall have and exercise the authority of the Board of Directors in the management of the Corporation, except that the Council shall not have the authority of the Board of Directors in reference to amending, altering or repealing the bylaws; electing, appointing or removing any member of the Council or any Director or officer of the Corporation; amending the Articles of Incorporation; restating Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefor; adopting the plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by the Council. The designation and appointment of any such Council and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him or her by law.

Section 2. Standing and Special Committees. The Board of Directors shall have the following standing committees: Audit Committee, Governance and Nominating Committee, Finance Committee, Development Committee, Investment Committee, Program, Exhibits and Education Committee, Marketing and Communications Committee, Planning and Policy Committee, Acquisitions Committee,

and Personnel Committee. The Chairman or the Board of Directors may create special committees. Such committees shall carry out the duties as assigned to them, from time to time, by the Board of Directors. Members of each committee shall be appointed by the Chairman of the Corporation. Any members thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Corporation shall be served by such removal.

Section 3. Term of Office. Each member of a committee shall continue as such until a successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee or resign from such committee.

Section 4. Chairman. One member of each committee shall be appointed Chairman by the person or persons authorized to appoint the members thereof.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6. Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules. Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the Board of Directors.

ARTICLE VI. CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the Chairman, the President, or a Vice Chairman of the Corporation.

Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation at such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Corporation.

ARTICLE VII. BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and the Executive Council, and shall keep at its registered or principal office a record giving the names and addresses of the members of its Board of Directors. Except as hereinafter provided, the Corporation shall make such records available for the public to review, subject to and in voluntary compliance with W. Va. Code ' ' 29B-1-1 *et seq.*; provided, however, that the Corporation=s private donor and sponsorship list and the amounts of private gifts and sponsorships and other related data shall be and remain the private and confidential property of the Corporation.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the Corporation shall begin on July 1 and end on June 30 of each year.

ARTICLE IX. SEAL

The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal".

ARTICLE X. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the West Virginia Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or the bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI. AMENDMENTS TO BYLAWS

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least ten days written notice is given of intention to alter, amend or repeal or to adopt new bylaws at such meeting.

IRS Department of the Treasury
Internal Revenue Service

OGDEN UT 84201-0038

In reply refer to: 0437744135
Mar. 25, 2008 LTR 4168C E0
55-0702401 000000 00 000
00022148
BODC: TE

CLAY CENTER FOR THE ARTS & SCIENCES
% JOHN L MCCLAUGHERTY
1 CLAY SQUARE
CHARLESTON WV 25301

010193

Employer Identification Number: 55-0702401
Person to Contact: Janice Petersen
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Mar. 14, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in December 1991, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(03) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Deborah Bingham

Deborah Bingham
Accounts Management I

Natalie E. Tennant
Secretary of State
State of West Virginia

Office of the Secretary of State
Building 1, Suite 157-K
1900 Kanawha Blvd., East
Charleston, West Virginia 25305

Telephone: (304) 558-6000
Toll Free: 1-866-SOS-VOTE
Fax: (304) 558-0900
www.wvsos.com

Date: February 22, 2010

RE: Clay Center for Arts and Sciences of West Virginia Inc

I certify that I have searched our Uniform Commercial Code Files for

X Active __ Expired less than one year X Continued __ Terminated

filings, and

X can find no liens recorded against the above named Debtor(s)

_____ have found the following liens recorded against the above named Debtor(s)

(If more than 10 financing statement numbers are recorded, a list will be attached)

_____ can find no record of liens from _____ to _____ .

_____ can find no record of liens from _____ to _____ other than the following financing statement numbers:

(If more than 5 financing statement numbers are recorded, a list will be attached)

_____ This is a true and exact copy of financing statement(s) filed in our office as of February 22, 2010, .

Sincerely,

Natalie E. Tennant

NATALIE E. TENNANT
Secretary of State

By: Leah Powell

U.C.C. Section

State of West Virginia

Certificate

I, Joe Manchin III, Secretary of State of the State of West Virginia, hereby certify that

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

a corporation, limited liability company, limited partnership, limited liability partnership, business trust or voluntary association, has applied for a Certificate of Registration of True Name to transact business in West Virginia as required by the provisions of Chapter 47, Article 8, Section 4 of the West Virginia Code. I further certify that the application conforms to law and is filed in my office.

Therefore, I issue this

CERTIFICATE OF REGISTRATION OF TRADE NAME

authorizing it to transact business in West Virginia under the assumed name of

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

and I attach to this certificate a duplicate original of the application.

Given under my hand and the Great Seal of the State of West Virginia on this day of January 15, 2003

Secretary of State

JOE MANCHIN, III
Secretary of State
State Capitol, W-139
1900 Kanawha Blvd. East
Charleston, WV 25305-0770

www.state.wv.us/sos

APPLICATION TO REGISTER A TRADE NAME

Penney Barker, Supervisor
Corporations Division
Tel: (304) 558-8000
Fax: (304) 558-0900
Hrs: 8:30 am - 4:30 pm ET

wvsos@secretary.state.wv.us

FILE TWO ORIGINALS

FEE: $25.00

1. The **name** of the company applying to register a tradename is: Center for the Arts and Sciences of West Virginia, Inc.

2. The above company is applying to do business within West Virginia under the following **trade name**: Clay Center for the Arts and Sciences of West Virginia, Inc.

3. The company is organized under the laws of the **state** of: ☑ West Virginia ☐ State of _____

4. The **address** of its **principal office** or place of business in West Virginia is: Street: 300 Leon Sullivan Way; City/State/Zip: Charleston, WV 25301

FILED
JAN 15 2003
IN THE OFFICE OF
JOE MANCHIN III
SECRETARY OF STATE

5. If the company's home state is outside West Virginia, the **address** of its **principal office** in the home state is: Street: _____ City/State/Zip: _____

6. The **mailing address** (if different from #5 or #6) is: Street/PO Box: P.O. Box 11808; City/State/Zip: Charleston, WV 25339

Your name: WAYNE ARRINGTON

Title/Capacity: Chief Financial Administrator

Date: 1-14-03 Signature: Wayne Arrington

NOTE: As required by §47-8-4 of the West Virginia Code, corporations, associations, limited partnerships, limited liability partnerships, business trusts, and limited liability companies may not conduct business under a trade name or assumed name without first filing an application for registration of trade name with the Secretary of State and the Clerk of the County Commission in the county where, if it is a domestic entity, it maintains its principal office or, if it is a foreign entity, its principal business is transacted.

As required by §47-8-2, sole proprietorships and partnerships must register a trade name with the Clerk of the County Commission of the county where the principal place of business is located. (Do not use this form)

walk-in

Joe Manchin, III
Secretary of State
State Capitol, W-139
1900 Kanawha Blvd., E
Charleston, WV 25305-0770

www.state.wv.us/sos

FILED
IN THE OFFICE OF SECRETARY OF STATE WEST VIRGINIA
JAN 15 2003

Vicki Haught, Supervisor
Process Division
Tel: (304)558-6000
Fax: (304)558-0900
wvsos@secretary.state.wv.us
Hrs: 8:30am-4:30pm ET

Fee: $15 per application

APPLICATION TO APPOINT OR CHANGE AGENT FOR PROCESS, OFFICERS, and/or OFFICE ADDRESSES

1. **The company filing this change is registered as a:**
   - ☒ Corporation
   - ☐ Limited Liability Company
   - ☐ Limited Liability Partnership
   - ☐ Limited Partnership
   - ☐ Voluntary Association
   - ☐ Business Trust

2. **The change is filed for:**
   [Note: Enter information as previously filed. No change can be accepted without this information.]

   Access current company record at www.state.wv.us/wvcorporations

   Company name: CENTER FOR THE ARTS & SCIENCES OF WEST VIRGINIA, INC.

   Principal Office Address As Listed: P.O. Box 11808, Charleston, WV 25339

   Home State: WV WV Formation Date: 10/9/90

3. **Complete for Change of Agent for Service of Process:**

Address Type	New Agent Name	New Agent Address
Agent of Process		

The agent named here has given consent to appointment as agent to accept service of process on behalf of this company.

[For an LLC, agent address must be in West Virginia.]

4. **Complete for Change of Address** (use appropriate lines for the type of address to be changed):

	Address Type	New Address
a.	Principal Office	300 LEON SULLIVAN WAY ~~P.O. Box 11808~~ CHARLESTON, WV 25339
b.	Local Office (WV)	
c.	Designated Office (LLC) (must be physical address)	300 LEON SULLIVAN WAY CHARLESTON, WV 25301

5. **Complete for Change of Officers or Other Persons in Authority:**

	Officer Type (check one title for each new officer.)	New Officer Name	New OfficerAddress
a.	☑ President (Corp, VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	Sue Sergi [Replaces L. Newton Thomas] (Previous officer name, if any)	319 Southpointe Drive Charleston, WV 25314
b.	Remove ☑ Vice President (Corp, VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	James Thomas II [Replaces_____] (Previous officer name, if any)	
c.	☐ Secretary (Corp, VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	[Replaces_____] (Previous officer name, if any)	
d.	☐ Treasurer (Corp, VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	[Replaces_____] (Previous officer name, if any)	
e.	Remove ☑ Director (Corp, VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	Constantino Y. Amores, MD Edward C. Armbrecht, Jr. [Replaces_____] (Previous officer name, if any)	

ACKNOWLEDGMENT: Application must be signed by an officer or other authorized person of the company whose name is on file with the WV Secretary of State's Office. If the name is not on file as a current officer, one of the following must accompany this form:

1. For a corporation, a copy of the minutes of the Board of Directors, reflecting the election or appointment of new officers, which copy includes or is accompanied by a notarized statement of authenticity, signed by at least one director; or
2. A court order reflecting the identity of the current officers, or the authorization of any person to act for any officer or;
3. Any other legally authorized document assigning to the person executing or verifying the document clear authority to execute or verify documents on behalf of the corporation.

Charles M. Avampato — Name (please print)
Treasurer — Title
[signature] — Signature

State of West Virginia
County of Kanawha

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ROBIN B. MORRIS
605 MARGARET DRIVE
CHARLESTON, WV 25301
My commission expires July 23, 2009

Notary Seal

The foregoing instrument was acknowledged before me on behalf of the Corporation (company type) on January 14, 2003 (date) by Charles M. Avampato (name of signer) of Center for the Arts & Sciences of WV (company name), a WV (state) company.

Robin B. Morris
Notary Signature

JOE MANCHIN, III
Secretary of State
State Capitol
1900 Kanawha Blvd. East
Charleston, WV 25305
Hrs. 8:30 am - 5:00 pm

FILED
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA
AUG 18 2003

Vicki Haught, Team Leader
Process/UCC Division
Tel: (304)558-6000
Toll Free: (866)767-8683
Fax: (304) 558-5758
email: process@wvsos.com
web: www.wvsos.com

Fee: $15 per application

FILE ONE ORIGINAL (Send two originals if you want a filed copy returned to you)

APPLICATION TO APPOINT OR CHANGE AGENT FOR PROCESS, OFFICERS, and/or OFFICE ADDRESSES

1. The company filing this change is registered as a:

- [x] Corporation
- [ ] Limited Liability Company
- [ ] Limited Liability Partnership
- [ ] Limited Partnership
- [ ] Voluntary Association
- [ ] Business Trust

2. The change is filed for:
(Note: Enter information as previously filed. No change can be accepted without this information.)

Access current company record at www.wvsos.com/corporations

Company name: Center for the Arts + Sciences of WV
dba Clay Center for the Arts + Sciences - WV

Principal Office Address As Listed: 1112 Washington Street, East
Charleston, WV 25301

Home State: _____ WV Formation Date _____

3. Change of Address (use appropriate lines for the type of address to be changed):

Address Type	New Address
a. Principal Office	One Clay Square Charleston, WV 25301
b. ~~Local Office~~ (WV) Mailing Address —	P.O. Box 11808, Charleston WV 25339
c. Designated Office (LLC) (must be physical address)	

M01 k $15.00 08/18/2003 353221

4. Change of Agent for Service of Process:

The agent named here has given consent to appointment as agent to accept service of process on behalf of this company.

New Agent Name and Address

Sue H. Sergi

Sue H Sergi

New Agent Signature

5. Complete the Change of Officers or Other Persons in Authority:

Officer Type (check one for each new officer.)	New Officer Name	New Officer Address
a. ☑ President (Corp. VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	L. Newton Thomas Jr Remove _____ (Previous officer name, if any.)	One Clay Square Charleston, WV 25301
b. ☑ Vice-President (Corp. VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	James Thomas Remove _____ (Previous officer name, if any.)	One Clay Square Charleston, WV 25301
c. ☑ Secretary (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	Thomas Potter Remove _____ (Previous officer name, if any.)	One Clay Square Charleston, WV 25301
d. ☑ Treasurer (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	Charles Avampato Remove _____ (Previous officer name, if any.)	One Clay Square Charleston, WV 25301
e. ☑ Director (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other _____	Constantino Amores Edward Armbrecht Remove _____ (Previous officer name, if any.)	One Clay Square Charleston, WV 25301

Name (please print)	Title	Signature
Sue H. Sergi	President / CEO	Sue H Sergi

(CK)

State of West Virginia

Certificate

I, Joe Manchin III, Secretary of State of the State of West Virginia, hereby certify that

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

has filed a "Certificate of Registration of Trade Name" in my office according to the provisions of Chapter 47 of the West Virginia Code and was found to conform to law.

Therefore, I hereby issue this

CERTIFICATE OF REGISTRATION OF TRADE NAME

authorizing it to transact business in West Virginia under the assumed name of

CLAY CENTER

STATE OF WEST VIRGINIA
MONTANI SEMPER LIBERI

Given under my hand and the Great Seal of the State of West Virginia on this day of December 12, 2003

Secretary of State

Joe Manchin III
Secretary of State
State Capitol Building
1900 Kanawha Blvd. East
Charleston, WV 25305-0770

FILED

DEC 1 2 2003

Penney Barker, Team Leader
Corporations Division
Tel: (304) 558-8000
Fax: (304) 558-5758
www.wvsos.com

File One Application
FEE: $25.00

APPLICATION FOR TRADENAME

IN THE OFFICE OF
JOE MANCHIN III
SECRETARY OF STATE

Hrs: 8:30 am - 5:00 pm ET

1. The name of the company applying to register a tradename is: Center for the Arts and Sciences of WV, Inc.

2. The above company is applying to do business within West Virginia under the following trade name: Clay Center

3. The address of the principal office: One Clay Square
Charleston, WV 25301

4. The **name, title, address,** and **signature** of the person having authority to make application

Name: Sue H. Sergi, President/CEO
Clay Center
Street: One Clay Square
City/State/Zip: Charleston, WV 25301

5. **Signature:** Sue H. Sergi **Title:** President/CEO

BEFORE you fill out the application: The name you select will be approved only if it is available-- that is, if the name is not the same as and is distinguishable from any other name which has been reserved or filed. Before you prepare this application, call the Corporations Division at (304) 558-8000 to find out if the name you have chosen is available. A telephone check on availability of a name is NOT a guarantee, but it will help find a name you can use.

As required by §47-8-4 of the West Virginia Code, corporations, associations, limited partnership, limited liability partnerships, business trusts, and limited liablity companies may not conduct business under a trade name or assumed name without first filing an application for registration of trade name with the Secretary of State.

FILE THE APPLICATION AT THE ADDRESS ON THE TOP OF THE APPLICATION
Fee – $25 Make checks payable to Secretary of State.

M02 k $75.00 12/12/2003 375476

State of West Virginia

Certificate

I, Joe Manchin III, Secretary of State of the State of West Virginia, hereby certify that

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

has filed a "Certificate of Registration of Trade Name" in my office according to the provisions of Chapter 47 of the West Virginia Code and was found to conform to law.

Therefore, I hereby issue this

CERTIFICATE OF REGISTRATION OF TRADE NAME

authorizing it to transact business in West Virginia under the assumed name of

CLAY CENTER FOR THE ARTS AND SCIENCES - WV

Given under my hand and the Great Seal of the State of West Virginia on this day of December 12, 2003

Secretary of State

Joe Manchin III
Secretary of State
State Capitol Building
1900 Kanawha Blvd. East
Charleston, WV 25305-0770

FILED
DEC 12 2003

Penney Barker, Team Leader
Corporations Division
Tel: (304) 558-8000
Fax: (304) 558-5758
www.wvsos.com

APPLICATION FOR TRADENAME

THE OFFICE OF JOE MANCHIN III SECRETARY OF STATE

Hrs: 8:30 am - 5:00 pm ET

File One Application
FEE: $25.00

1. The name of the company applying to register a tradename is: Center for the Arts and Sciences of WV, Inc.

2. The above company is applying to do business within West Virginia under the following trade name: Clay Center for the Arts and Sciences - WV

3. The address of the principal office: One Clay Square
Charleston, WV 25301

4. The **name, title,address,** and **signature** of the person having authority to make application
   Name: Sue H. Sergi, President/CEO
   Street: Clay Center One Clay Square
   City/State/Zip: Charleston, WV 25301

5. **Signature:** Sue H Sergi **Title:** President / CEO

BEFORE you fill out the application: The name you select will be approved only if it is available– that is, if the name is not the same as and is distinguishable from any other name which has been reserved or filed. Before you prepare this application, call the Corporations Division at (304) 558-8000 to find out if the name you have chosen is available. A telephone check on availability of a name is NOT a guarantee, but it will help find a name you can use.

As required by §47-8-4 of the West Virginia Code, corporations, associations, limited partnership, limited liability partnerships, business trusts, and limited liablity companies may not conduct business under a trade name or assumed name without first filing an application for registration of trade name with the Secretary of State.

FILE THE APPLICATION AT THE ADDRESS ON THE TOP OF THE APPLICATION
Fee – $25 Make checks payable to Secretary of State.

M02 k $75.00 12/12/2003 375476

One Clay Square
Charleston, WV 25301
P.O. Box 11808
Charleston, West Virginia 25339

Phone 304/561-3500
Toll Free # 888/241-6376
Fax 304/561-3598
www.theclaycenter.org

CLAY CENTER

OK

TRADENAME CANCELLATION

FILED

DEC 12 2003

IN THE OFFICE OF
JOE MANCHIN III
SECRETARY OF STATE

December 9, 2003

Secretary of State's Office
State Capitol Building
1900 Washington Street, East
Charleston, WV 25305

ATTN: Corporations Division

Enclosed is a check for $75.00 to cover fees for the following transactions related to trade names registered to the Center for the Arts and Sciences of West Virginia, Inc.

Please cancel the trade name:

Clay Center for the Arts and Sciences of WV, Inc. est irginia

Please register the following trade names: *(NR-3 Forms are enclosed)*

Clay Center

Clay Center for the Arts and Sciences – WV

Your attention to this matter is greatly appreciated. If additional information is needed, please contact Robin Morris at 561-3535.

Sincerely,

Sue H. Sergi
President/CEO

RECEIVED
DEC 12 2003
JOE MANCHIN III
WV SECRETARY OF STATE

JOE MANCHIN, III
Secretary of State
State Capitol
1900 Kanawha Blvd. East
Charleston, WV 25305
Hrs. 8:30 am - 5:00 pm

Fee: $15 per application

FILED
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA
JUL 21 2004

Vicki Haught, Team Leader
Process/UCC Division
Tel: (304)558-6000
Toll Free: (866)767-8683
Fax: (304) 558-5758
email: process@wvsos.com
web: www.wvsos.com

FILE ONE ORIGINAL (Send two originals if you want a filed copy returned to you)

APPLICATION TO APPOINT OR CHANGE AGENT FOR PROCESS, OFFICERS, and/or OFFICE ADDRESSES

1. The company filing this change is registered as a:

- [x] Corporation
- [ ] Limited Liability Company
- [ ] Limited Liability Partnership
- [ ] Limited Partnership
- [ ] Voluntary Association
- [ ] Business Trust

2. The change is filed for:
(Note: Enter information as previously filed. No change can be accepted without this information.)

Company name: Center for the Arts and Sciences of West Virginia, Inc.

Principal Office Address As Listed: One Clay Square, Charleston, WV 25301

Access current company record at www.wvsos.com/corporations

Home State: WV WV Formation Date: 1990

3. Change of Address (use appropriate lines for the type of address to be changed):

Address Type	New Address
a. Principal Office	
b. Local Office (WV)	
c. Designated Office (LLC) (must be physical address)	

M01 k $30.00 07/21/2004 431534

4. Change of Agent for Service of Process:

New Agent Name and Address

The agent named here has given consent to appointment as agent to accept service of process on behalf of this company.

New Agent Signature

5. Complete the Change of Officers or Other Persons in Authority:

Officer Type (check one for each new officer.)	New Officer Name	New Officer Address
a. ☐ President (Corp. VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other	Remove (Previous officer name, if any.)	
b. ☑ Vice-President (Corp. VA) ☐ Manager (LLC) ☐ General Partner (LP, LLP) ☐ Trustee (Bus. Trust) ☐ Other	Sarah L. Martin Remove (Previous officer name, if any.)	One Clay Square Charleston, WV 25301
c. ☐ Secretary (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other	Remove (Previous officer name, if any.)	
d. ☐ Treasurer (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other	Remove (Previous officer name, if any.)	
e. ☐ Director (Corp. VA) ☐ Member (LLC) ☐ Limited Partner (LP) ☐ General Partner (LLP) ☐ Trustee (Bus. Trust) ☐ Other	Remove (Previous officer name, if any.)	

Name (please print)	Title	Signature
Sue H. Sergi	President / CEO	Sue H. Sergi

Betty Ireland
Secretary of State
State Capitol
1900 Kanawha Blvd. East
Charleston, WV 25305
Hrs. 8:30 am - 5:00 pm

FILED
MAY 25 2007
IN THE OFFICE OF SECRETARY OF STATE WEST VIRGINIA

Penney Barker, Manager
Business & Licensing
Tel: (304)558-6000
Toll Free: (866)767-8683
Fax: (304) 558-8381
email: process@wvsos.com
web: www.wvsos.com

Fee: $15 per application

FILE ONE ORIGINAL (Send two originals if you want a filed copy returned to you)

APPLICATION TO APPOINT OR CHANGE PROCESS, OFFICERS, MEMBERS, MANAGERS and/or OFFICE ADDRESSES

1. The company filing this change is registered as a:

- [x] Corporation
- [ ] Limited Liability Company
- [ ] Limited Liability Partnership
- [ ] Limited Partnership
- [ ] Voluntary Association
- [ ] Business Trust

2. The change is filed for:
(Note: Enter information as previously filed. No change can be accepted without this information.)

Access current company record at www.wvsos.com

Company name: Clay Center for the Arts & Sciences of West Virginia, Inc

Principal Office Address As Listed: One Clay Square, Charleston, WV 25301

Home State: WV WV Formation Date: 10/1/90

3. Change of Address (use appropriate lines for the type of address to be changed):

Address Type	New Address
a. Principal Office	
b. Local Office (WV)	
c. Designated Office (LLC) (must be physical address)	

RECEIVED
MAY 23 2007
WV SECRETARY OF STATE

M02 k $15.00 05/23/2007 666366

4. Change of Agent for Service of Process:

New Agent Name and Address

The agent named here has given consent to appointment as agent to accept service of process on behalf of this company.

_____

New Agent Signature

5. Complete the Change of Officers or Other Persons in Authority:

Officer Type (check one for each new officer.)	New Officer Name	New Officer Address
a. [X] President (Corp. VA) [ ] Manager (LLC) [ ] General Partner (LP, LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	Judith L Wellington Remove Sue Sergi (Previous officer name, if any.)	1313 Lee St E. Apt 105. Charleston, WV 25301
b. [X] Vice-President (Corp. VA) [ ] Manager (LLC) [ ] General Partner (LP, LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	_____ Remove Sarah L. Martin (Previous officer name, if any.)	_____
c. [X] Secretary (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	Ellen Cappellanti Remove Thomas Potter (Previous officer name, if any.)	25 Quarry Rideg. Charleston, WV 25304
d. [ ] Treasurer (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	_____ Remove _____ (Previous officer name, if any.)	_____
e. [ ] Director (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	_____ Remove _____ (Previous officer name, if any.)	_____

Rebecca H Gillespie	CFO	Rebecca H Gillespie
Name (please print)	Title	Signature

CORPORATION or LIMITED PARTNERSHIP ANNUAL REPORT

DUE DATE JULY 1, 2008

01,75402020000

Companies that do not file their annual reports by the due date are at risk of being assessed monitary penalties and/or being administratively dissolved or revoked. Complete each section. **(Please Print or Type the Information)**

1. **Name of Organization:** CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA,
2. **Incorporation Date:** 10/09/1990 **In which State:** WV
3. **Tax ID #** ------ **County Code:** 20 **Business Class Code:**

To view a list of Country Codes they are available at: http://www.wvsos.com/business/helpfiles/fieldcodes.htm
To view a list of Business Class Codes they are available at: http://www.state.wv.us/taxrev/uploads/2006_NAICS.pdf

4. **Principal Office Address:** (if different, please make appropriate changes)
ONE CLAY SQUARE
CHARLESTON, WV 25301

5. **Name and mailing address of the person to whom the notice of process may be sent:** (if different, please make appropriate changes)
JUDY WELLINGTON
1 CLAY SQUARE
CHARLESTON, WV 25301

*If new agent furnish new agent's signiture:

6. **List names and addresses of the entity's parent company, if any. Also, list each entity's subsidiaries that are licensed to do business in WV.** Please check whether each name is a parent or a subsidiary by checking the appropriate box for each line **(P for parent, S for subsidiary).** Attach list if more space is needed.

P	S	Organization Name	Mailing Address
☐	☐		
☐	☐		

7. **List name and addresses of all officers or general partners. Attach list if more space is needed, if different than what is listed, please make appropriate changes.**

Title	Name	Mailing Address
President	JUDITH L. WELLINGTON	ONE CLAY SQUARE, CHARLESTON, WV 25301 USA
Vice-President	ANDREW TEETER	4307 KANAWHA AVE, CHARLESTON, WV 25304 USA
Secretary	ELLEN CAPPELLANTI	25 QUARRY RIDGE, CHARLESTON, WV 25304 USA
Treasurer	CHARLES M AVAMPATO	1809 ROLLING HILLS RD, CHARLESTON, WV 25314 USA

8. **Report must be signed by an officer of a corporation or general partner of a limited partnership.**

Signature: Judith L. Wellington Date Signed: 6/9/08

Title/Capacity of Person Signing: President & CEO Telephone #: 304 561 3500

2010 Corporation Annual Report

Unified Business Identifier:UD000070140001

For filling with the West Virginia Secretary of State
a Business for West Virginia Partner
tel: (304) 558-8000

Business Legal Name	CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.
WV Effective Date	10/09/1990
Last Annual Filed	2009
Last Annual Filing Date	07/29/2008
Charter Type	Domestic
Class	Non-Profit
Organization Type	Corporation
Home State	WV
Filing Type	Annual Report
Principal Office	ONE CLAY SQUARE CHARLESTON , WV 25301
Mailing Address	One Clay Square CHARLESTON , WV 25301
Agent of Process	JUDY WELLINGTON 1 CLAY SQUARE CHARLESTON , WV 25301
President Information	JUDITH L. WELLINGTON ONE CLAY SQUARE CHARLESTON , WV 25301
Vice President Information	Melvin Jones One Clay Square CHARLESTON , WV 25301
Secretary Information	Lloyd Jackson One Clay Square CHARLESTON , WV 25301
Treasurer Information	CHARLES M AVAMPATO One Clay Square CHARLESTON , WV 25301
WV County	Kanawha
Company Email	jwellington@theclaycenter.org
Filing Date	07/14/2009

I certify the information provided is true. I further certify that I am an officer or individual holding a power-of-attorney and am duly authorized to file this report on behalf of the corporation , as required by the West Virginia Code. I agree that the electronic entry of my name below represents my signature and authorization for this filing.

Judith Wellington
Authorized By

OFFICER
Capacity

RETAIN A COPY FOR YOUR RECORDS

2011 Corporation Annual Report

Unified Business Identifier:UD000070140001

For filling with the West Virginia Secretary of State
a Business for West Virginia Partner
tel: (304) 558-8000

Business Legal Name	CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.
WV Effective Date	10/09/1990
Last Annual Filed	2010
Last Annual Filing Date	07/14/2009
Charter Type	Domestic
Class	Non-Profit
Organization Type	Corporation
Home State	WV
Filing Type	Annual Report
Principal Office	ONE CLAY SQUARE CHARLESTON , WV 25301
Mailing Address	ONE CLAY SQUARE CHARLESTON , WV 25301
Local Office	One Clay Square Charleston , WV 25301
Agent of Process	JUDY WELLINGTON 1 CLAY SQUARE CHARLESTON , WV 25301
President Information	JUDITH L. WELLINGTON ONE CLAY SQUARE CHARLESTON , WV 25301
Vice President Information	ELLEN CAPPELLANTI JACKSON KELLY P. O. BOX 553 CHARLESTON , WV 25322
Secretary Information	LLOYD JACKSON JACKSON MANAGEMENT CO. 24 SECOND STREET CHARLESTON , WV 25301
Treasurer Information	CHARLES M AVAMPATO CLAY FOUNDATION 1426 KANAWHA BLVD EAST CHARLESTON , WV 25301
Director Information	MELVIN JONES (BOARD CHAIRMAN) 51378 VILLA PIKE CROSS LANES , WV 25313
WV County	Kanawha
Company Email	jwellington@theclaycenter.org
Filing Date	02/22/2010

I certify the information provided is true. I further certify that I am an officer or individual holding a power-of-attorney and am duly authorized to file this report on behalf of the corporation , as required by the West Virginia Code. I agree that the electronic entry of my name below represents my signature and authorization for this filing.

RETAIN A COPY FOR YOUR RECORDS

2011 Corporation Annual Report

Unified Business Identifier:UD000070140001

For filling with the West Virginia Secretary of State
a Business for West Virginia Partner
tel: (304) 558-8000

Judith Wellington, Ph.D
Authorized By

OFFICER
Capacity

RETAIN A COPY FOR YOUR RECORDS

Natalie E. Tennant
Secretary of State
State Capitol
1900 Kanawha Blvd. East
Charleston, WV 25305
Hrs. 8:30 am - 5:00 pm

Penney Barker, Manager
Business & Licensing
Tel: (304)558-6000
Toll Free: (866)767-8683
Fax: (304) 558-8381
email: process@wvsos.com
web: www.wvsos.com

Fee: $15 per application

FILE ONE ORIGINAL (Send two originals if you want a filed copy returned to you)

APPLICATION TO APPOINT OR CHANGE PROCESS, OFFICERS, MEMBERS, MANAGERS and/or OFFICE ADDRESSES

1. The company filing this change is registered as a:

- [x] Corporation
- [ ] Limited Liability Company
- [ ] Limited Liability Partnership
- [ ] Limited Partnership
- [ ] Voluntary Association
- [ ] Business Trust

2. The change is filed for:
(Note: Enter information as previously filed. No change can be accepted without this information.)

Company name: Clay Center for the Arts and Sciences of WV, Inc.

Access current company record at www.wvsos.com

Principal Office Address As Listed: 1 Clay Square
Charleston, WV 25301

Home State: WV WV Formation Date 1990

3. Change of Address (use appropriate lines for the type of address to be changed):

Address Type	New Address
a. Principal Office	
b. Local Office (WV)	
c. Designated Office (LLC) (must be physical address)	

FILED
AUG 24 2009
IN THE OFFICE OF
SECRETARY OF STATE

4. Change of Agent for Service of Process:

New Agent Name and Address

The agent named here has given consent to appointment as agent to accept service of process on behalf of this company.

_____

_____

_____

_____

New Agent Signature

5. Complete the Change of Officers or Other Persons in Authority:

Officer Type (check one for each new officer.)	New Officer Name	New Officer Address
a. [X] President (Corp. VA) [ ] Manager (LLC) [ ] General Partner (LP, LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	Judith L. Wellington, Ph.D. Remove _____ (Previous officer name, if any.)	1 Clay Square Charleston, WV 25301
b. [ ] Vice-President (Corp. VA) [ ] Manager (LLC) [ ] General Partner (LP, LLP) [ ] Trustee (Bus. Trust) [X] Other Executive Vice Chairman	Ellen Cappellanti Remove Melvin Jones (Previous officer name, if any.)	Jackson Kelly P. O. Box 553 Charleston, WV 25322
c. [X] Secretary (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	Lloyd G. Jackson II Remove Ellen Cappellanti (Previous officer name, if any.)	Jackson Management Co. 24 Second Street Hamlin, WV 25523
d. [X] Treasurer (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [ ] Other _____	Charles M. Avampato Remove _____ (Previous officer name, if any.)	Clay Foundation 1426 Kanawha Blvd., East Charleston, WV 25301
e. [ ] Director (Corp. VA) [ ] Member (LLC) [ ] Limited Partner (LP) [ ] General Partner (LLP) [ ] Trustee (Bus. Trust) [X] Other Board Chairman	Melvin Jones Remove Andrew K. Teeter (Previous officer name, if any.)	5137 Villa Pike Cross Lanes, WV 25313

Judith L. Wellington — President & CEO — Judith L. Wellington

Name (please print) — Title — Signature

n

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

by the provisions of Chapter 31, Article 1, Sections 27 and 28 of the West Virginia Code, the Articles of Incorporation of

CENTER FOR THE ARTS, INC.

conform to law and are filed in my office. I therefore declare the organization to be a Corporation for the purposes set forth in its Articles, with the right of perpetual existence, and I issue this

CERTIFICATE OF INCORPORATION

to which I have attached a duplicate original of the Articles of Incorporation.

Given under my hand and the Great Seal of the State of West Virginia, on this

NINTH *day of*

OCTOBER *19* 90

Ken Hechler

Secretary of State.

FILED
OCT 09 1990
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA

ARTICLES OF INCORPORATION

OF

CENTER FOR THE ARTS, INC.

The undersigned, acting as an incorporator of a nonprofit corporation under W. Va. Code § 31-1-27, adopts the following Articles of Incorporation for such corporation, FILED IN DUPLICATE:

I. The name of the Corporation is Center for the Arts, Inc.

II. The existence of the Corporation shall be perpetual.

III. The Corporation is organized and at all times hereafter shall be operated exclusively for charitable and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code", which shall include any subsequent corresponding Code of Federal tax law), including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Code section 501(c)(3). The general purposes of the Corporation are: (1) to organize, coordinate, promote and implement a plan for the development and construction of a center for the arts; (2) to solicit and obtain support, financial and otherwise, for all phases of the development, construction and perpetual maintenance of the center; (3) to hold legal title to all properties, real and personal, constituting the center; and (4) to enhance community support and appreciation for the arts and a center for the arts to serve the state and region.

IV. The principal office of the Corporation shall be located in Charleston, West Virginia and its mailing address shall be Center for the Arts, Inc., 1600 Laidley Tower, Charleston, West Virginia, 25301.

V. The person to whom notice of process may be sent is President, Center for the Arts, Inc., P. O. Box 553, Charleston, West Virginia 25322.

VI. The initial Board of Directors of the Corporation, all of whom shall have voting power, shall consist of three (3) directors. The names and addresses of those persons who shall serve as directors until their successors are elected or otherwise qualify are:

Charles M. Avampato
1809 Rolling Hills Road
Charleston, WV 25314

John L. McClaugherty
P. O. Box 553
Charleston, WV 25322

James R. Thomas, II
910 Newton Road
Charleston, WV 25314

VII. The name and address of the incorporator of the Corporation is John L. McClaugherty, P. O. Box 553, Charleston, West Virginia, 25322.

VIII. The Corporation shall have no capital stock.

IX. The Corporation shall have no members.

X. Provisions for the regulation of the internal affairs of the Corporation are:

(a) The business of the Corporation shall be managed by its Board of Directors, who shall constitute the governing body of the Corporation.

(b) No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its board members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III herein.

(c) No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

(d) Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by an organization exempt from federal income tax under Code section 501(c)(3), or by an organization contributions to which are deductible under Code section 170.

(e) Each director and officer and former director and officer of the Corporation, his heirs and personal representatives, shall be indemnified by the Corporation

against costs and expenses at any time reasonably incurred by him arising out of or in connection with any claim, action, suit or proceeding, civil or criminal, against him or to which he may be made a party by reason of his being or having been such director or officer, except in relationship to matters as to which he shall be adjudged in such action, suit or proceeding, to be liable for gross negligence or willful misconduct in the performance of a duty to the Corporation. If, in the judgment of the Board of Directors of the Corporation, a settlement of any claim, action, suit or proceeding, so arising shall be deemed in the best interest of the Corporation, any such director or officer shall be reimbursed for any amounts paid by him in effecting such settlement and reasonable expenses incurred in connection therewith. The foregoing right of indemnification shall be in addition to any and all other rights to which any director or officer may be entitled as a matter of law.

(f) In furtherance of its purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of West Virginia upon nonprofit corporations, including, without limitation, to receive gitts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same for the purposes stated in Article III herein.

XI. The Corporation shall conduct its activities and seek such sources of support, as will enable it to qualify as an organization which is not a private foundation as defined in Code section 509. However, for any period during which the Corporation is a private foundation, the Corporation shall be subject to the following restrictions and prohibitions:

(a) The Corporation shall make distributions for each taxable year at such time and in such manner as not to become subject to the tax imposed on undistributed income by Code section 4942.

(b) The Corporation shall not engage in any act of self-dealing as defined in Code section 4941(d).

(c) The Corporation shall not retain any excess business holdings which will subject it to tax under Code section 4943.

(d) The Corporation shall not make any investments in a manner such as to subject it to tax under Code section 4944.

(e) The Corporation shall not make any taxable expenditure as defined in Code section 4945(d).

XII. In the event of dissolution of the Corporation, after payment of all necessary expenses thereof, all c[illegible] the assets and property of the Corporation shall be distribut[illegible] the Board of Directors of the Corporation may determine, [illegible] (1) any other or successor organization then in existence in West Virginia having the same purposes as the Corporat[illegible]. if such organization then qualifies for tax-exempt stat[illegible] under Code section 501(c)(3); (2) any organization organized [illegible] on[illegible] or more exempt purposes within the meaning of Code section 501(c)(3), if such organization then qualifies for tax-exempt status under Code section 501(c)(3); or (3) organizations described above in clause (1) and organizations described above in clause (2) of this Article XII.

THE UNDERSIGNED, for the purpose of forming a nonprofit corporation under the laws of the State of West Virginia, does make and file these Articles of Incorporation, and has accordingly hereto set his hand this 9th day of October, 1990.

John L. McCaughterty
JOHN L. McCLAUGHERTY

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 9th day of October, 1990, by JOHN L. McCLAUGHERTY.

My commission expires April 12, 1993.

Susan K. Howie
NOTARY PUBLIC

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SUSAN K. HOWIE
Charleston, West Virginia 25304
My Commission Expires April 12, 1993

Prepared By:

LOUIS S. SOUTHWORTH, II
JACKSON & KELLY
1600 Laidley Tower
P. O. Box 553
Charleston, West Virginia 25322

31910

State of West Virginia

Certificate

I, Joe Manchin III, Secretary of State of the State of West Virginia, hereby certify that

Restated Articles of Incorporation of

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

are filed in my office as required by the provisions of the West Virginia Code and are found to conform to law. Therefore, I issue this

RESTATED CERTIFICATE OF INCORPORATION

Given under my hand and the Great Seal of the State of West Virginia on this day of November 24, 2004

Secretary of State

FILED

NOV 2 4 2004

IN THE OFFICE OF
JOE MANCHIN III
SECRETARY OF STATE

RESTATED ARTICLES OF INCORPORATION OF CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Pursuant to the provisions of West Virginia Codes §31E-10-1003, the undersigned corporation, pursuant to a resolution duly adopted by the board of directors, hereby adopts the following Restated Articles of Incorporation:

I. The name of the Corporation is Center for the Arts and Sciences of West Virginia, Inc.

II. The existence of the Corporation shall be perpetual.

III. The Corporation is organized and at all times hereafter shall be operated exclusively for charitable and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code", which shall include any subsequent corresponding Code of Federal tax law), including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Code section 501(c)(3). The general purposes of the Corporation are: (1) to organize, coordinate, promote and implement a plan for the development, construction and operation of a center for the arts and sciences; (2) to solicit and obtain support, financial and otherwise, for all phases of the development, construction, operation and perpetual maintenance of the center; (3) to hold legal title to all properties, real and personal, constituting the center including by lease; (4) to enhance community support and appreciation for the arts and a center for the arts to serve the state and region; and (5) to conduct educational programming in the arts and sciences and cultural understanding throughout West Virginia.

IV. The principal office of the Corporation shall be located in Charleston, West Virginia and its mailing address shall be Center for the Arts and Sciences of West Virginia, Inc., 1 Clay Square, PO Box 11808, Charleston, West Virginia 25339.

V. The person to whom notice of process may be sent is President, Center for the Arts and Sciences of West Virginia, Inc., 1 Clay Square, PO Box 11808, Charleston, West Virginia 25339.

VI. BOARD OF DIRECTORS

a. General Authority. The affairs of the corporation will be managed by its Board of Directors, which shall have full authority to take such actions as it deems necessary or appropriate to accomplish the purposes for which the corporation has been formed.

b. Number, Tenure and Qualifications. There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall serve on the board for three-year staggered terms, except that one-third of the Directors elected as of the effective date of these Amended and Restated Bylaws shall serve a term of one-year, one-third a term of two years and one-third a term of three years. Directors who are elected to a three-year term may succeed themselves in office for two additional three-year terms and Directors who are elected to a one or two-year term may succeed themselves in office for three additional three-year terms. The Directors need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

Chairman of the Board of Directors of the Avampato Discovery Museum
President of the West Virginia Symphony Orchestra
Mayor of the City of Charleston
Member of the County Commission of Kanawha County selected by said Commission
Chairman of the Board of Directors of the West Virginia Chamber of Commerce
Chairman of the Board of Directors of the Charleston Regional Chamber of Commerce, until it is terminated or merged into another organization
President of the Charleston Renaissance Corporation, until it is terminated or merged into another organization
Chairman of the Board of Directors of the Capital Area Development Corporation, if and when it is constituted

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting power.

c. Appointments and Elections.

(1) The Governor of the State of West Virginia shall appoint nine members of the Board of Directors with the advice and consent of the Senate of West Virginia. Of the appointed members, three shall be selected from each congressional district of the State of West Virginia: provided that none of the appointed members shall be a

resident of Kanawha County. The members appointed by the Governor with the advice and consent of the Senate shall serve on the Board for three-year staggered terms. Of the members first appointed by the Governor, one from each congressional district shall serve a three-year term, one from each congressional district shall serve a two-year term, and one from each congressional district shall serve a one-year term. The Governor shall fill any vacancy among these nine appointed members, created by death, resignation, or other cause with the advice and consent of the Senate, provided that at all times each congressional district shall have three members on the Board of Directors.

(2) In addition to the ex-officio member of the Board of Directors, the Kanawha County Commission shall appoint one member of the Board of Directors who shall serve a three-year term.

(3) The Clay Foundation, Inc. shall appoint two members of the Board of Directors who shall each serve a three-year term.

(4) All remaining members of the Board of Directors shall be elected at the annual meeting of Directors held in each year to fill the vacancies created by the directors whose terms are expiring. Additional members of the Board of Directors, up to the limit of sixty, or as needed to fill any vacancy created by death, resignation or other cause, may be elected at any regular or special meeting upon due notice to the members entitled to vote thereon.

VII. The name and address of the incorporator of the Corporation was John L. McClaugherty (now deceased), P.O. Box 553, Charleston, West Virginia 25322.

VIII. The Corporation shall have no capital stock.

IX. The Corporation shall have no members.

X. Provisions for the regulation of the internal affairs of the Corporation are:

a. The business of the Corporation shall be managed by its Board of Directors, who shall constitute the governing body of the Corporation.

b. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its board members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable

compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III herein.

c. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

d. Not withstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by an organization exempt from federal income tax under Code section 501(c)(3), or by an organization contributions to which are deductible under Code section 170.

e. No director of the Corporation shall be liable to the Corporation or its member for monetary damages for any action taken, or any failure to take any action, as a director, except liability (i) for the amount of any financial benefit received by the director to which he or she is not entitled; (ii) for an intentional infliction of harm on the Corporation or the member; (iii) for a violation of W. Va. Code § 31E-8-833 regarding unlawful distributions; or (iv) for any intentional violation of criminal law. No director shall be held personally liable for negligence, either through act or omission, or whether actual or imputed, in the performance of managerial functions performed on behalf of the Corporation to the fullest extent provided by law including but not limited to W. Va. Code § 55-7C-3. Additionally, to the fullest extent provided by law, any officer or director of the Corporation shall be considered a "qualified director" pursuant to W. Va. Code § 55-7C-2.

f. Each person who was or is a party or is threatened to be made a party to or is involved (including, without limitation, as a witness or deponent) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise in nature (a "Proceeding"), by reason of the fact that he or she, or an estate for which he or she is the administrator or executor or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the written request of the Corporation's Board of Directors, president or their delegate as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of the Proceeding is alleged action or omission in an official capacity as a director, officer, trustee, employee or agent or in any other capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by law, including but not limited to the Code of West Virginia of 1931, as amended and as the same may hereafter

be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior to such amendment), against all expenses, liability and loss (including, without limitation, attorneys' fees and disbursements, judgments, fines, ERISA or other similar or dissimilar excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection therewith; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation; provided, further, that the Corporation shall not indemnify any person for civil money penalties or other matters, to the extent such indemnification is specifically not permissible pursuant to federal or state statute or regulation, or order or rule of a regulatory agency of the federal or state government with authority to enter, make or promulgate such order or rule; and, provided, further, that the Corporation shall not indemnify any such person for liability for any action taken, or any failure to take any action, as a director for (a) receipt of a financial benefit to which he or she is not entitled; (b) an intentional infliction of harm on the Corporation or its member; (c) a violation of W. Va. Code § 31E-8-833 regarding unlawful distributions; or (d) an intentional violation of criminal law. Such right shall include the right to be paid by the Corporation expenses, including, without limitation, attorneys' fees and disbursements incurred in defending or participating in any such Proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, in which such director or officer agrees to repay all amounts so advanced if it should be ultimately determined that such person is not entitled to be indemnified under this section or otherwise. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Corporation, or that such person did have reasonable cause to believe that his or her conduct was unlawful.

If a claim under this section is not paid in full by the Corporation within 30 days after a written claim therefor has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful, in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending or participating in any Proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the applicable law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation.

Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its member) to have made a determination prior to the commencement of such action that indemnification or reimbursement of the claimant is permitted in the circumstances because he or she has met the applicable standard of conduct, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its member) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The right to be indemnified or to the reimbursement or advancement of expenses pursuant hereto (i) is a contract right based upon good and valuable consideration, pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the Corporation and the director or officer, (ii) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, and (iii) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto.

Any director or officer of the Corporation serving, in any capacity, (i) another Corporation of which five percent or more of the shares entitled to vote or five percent of the available votes in the election of its directors is held by the Corporation, or (ii) any employee benefit plan of the Corporation or of any Corporation referred to in clause (i), shall be deemed to be doing so at the request of the Corporation.

The rights conferred on any person hereunder shall not be exclusive of and shall be in addition to any other right which such person may have or may hereafter acquire under any statute, provision of these Articles of Incorporation, Bylaws, agreement, vote of its member or disinterested directors or otherwise.

The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another Corporation, partnership, joint venture, trust or other enterprise against such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under West Virginia law.

g. In furtherance of its purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of West Virginia upon nonprofit corporations, including, without limitation, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same for the purposes stated in Article III herein.

XI. The Corporation shall conduct its activities and seek such sources of support, as will enable it to qualify as an organization which is not a private foundation as defined in Code section 509. However, for any period during which the Corporation is a private foundation, the Corporation shall be subject to the following restrictions and prohibitions: (a) the Corporation shall make distributions for each taxable year at such time and in such manner as not to become subject to the tax imposed on undistributed income by Code section 4942; (b) the Corporation shall not engage in any act of self-dealing as defined in Code section 4941(d); (c) the Corporation shall not retain any excess business holdings which will subject it to tax under Code section 4943; (d) the Corporation shall not make any investments in a manner such as to subject it to tax under Code section 4944; and (e) the Corporation shall not make any taxable expenditure as defined in Code section 4945(d).

XII. In the event of dissolution of the Corporation, after payment of all necessary expenses thereof, all of the assets and property of the Corporation shall be distributed, as the Board of Directors of the Corporation may determine, to (1) any other or successor organization then in existence in West Virginia having the same purposes as the Corporation, if such organization then qualifies for tax-exempt status under Code section 501(c)(3); (2) any organization organized for one or more exempt purposes within the meaning of Code section 501(c)(3), if such organization then qualifies for tax-exempt status under Code section 501(c)(3); or (3) organizations described in above clause (1) and organizations described in above clause (2) of this Article XII.

These Restated Articles of Incorporation correctly set forth without change the corresponding provisions of the Articles of Incorporation as theretofore amended, and they supersede the original Articles of Incorporation and all amendments thereto.

CENTER FOR THE ARTS AND SCIENCES
OF WEST VIRGINIA, INC.

By _____
Its President

and

By _____
Its Secretary

STATE OF WEST VIRGINIA
COUNTY OF Kanawha, to-wit:

The foregoing instrument was acknowledged before me this 11th day of November, 2004, by Sue H. Sergi, President of CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: July 23, 2009.

(Seal)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ROBIN B. MORRIS
605 MARGARET DRIVE
CHARLESTON, WV 25301
My commission expires July 23, 2009

Robin B. Morris
NOTARY PUBLIC

STATE OF WEST VIRGINIA
COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me this 15th day of November, 2004, by Thomas E. Potter, Secretary of CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: July 23, 2009.

(Seal)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ROBIN B. MORRIS
605 MARGARET DRIVE
CHARLESTON, WV 25301
My commission expires July 23, 2009

Robin B. Morris

NOTARY PUBLIC

Prepared by:

Teresa W. Helmick
Jackson & Kelly
1600 Laidley Tower
P. O. Box 553
Charleston, West Virginia 25322

CHASFS3:49209

SS01AMD

SECRETARY OF STATE
AMENDMENT SCREEN

THE AMENDMENT FILE HAS BEEN UPDATED

CORP. NAME: CENTER FOR THE ARTS, INC.

CODE	DATE	AMENDMENT
*	08/22/1995	CHANGE OF NAME FROM CENTER OF THE ARTS, INC. TO CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC.

"ENTER" = TO APPLY CHANGES "PF15" = TO RETURN TO MENU
"PF19" = TO PAGE UPWARD "PF20" = TO PAGE DOWNWARD
"PF16" = TO GO TO BROWSE

DR
Amendment

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

originals of the Articles of Amendment to the Articles of Incorporation of

CENTER FOR THE ARTS, INC.

are filed in my office, signed and verified, as required by the provisions of Chapter 31, Article 1, Section 31 of the West Virginia Code and conform to law. Therefore, I issue this

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

changing the name of the corporation to

CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC.

and I attach to this certificate a duplicate original of the Articles of Amendment.

Given under my hand and the Great Seal of the State of West Virginia, on this

TWENTY-SECOND *day of*

AUGUST *19* 95

Ken Hechler

Secretary of State.

FILED
AUG 2 2 1995
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CENTER FOR THE ARTS, INC.

Pursuant to the provisions of West Virginia Code § 31-1-148, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation FILED IN DUPLICATE:

FIRST: The name of the corporation is Center For The Arts, Inc.

SECOND: The following amendment to the Articles of Incorporation was adopted by the Directors of the Corporation in the manner prescribed by West Virginia Code § 31-1-147(a):

> RESOLVED, that the Corporation's Articles of Incorporation shall be amended to change the name of the Corporation to "Center For The Arts, Science and Education, Inc."

THIRD: The amendment to the Articles of Incorporation was adopted by the Board of Directors by unanimous Agreement In Lieu Of Meeting dated the 14th day of August, 1995. Pursuant to the Articles of Incorporation of the Corporation, the governing body of the Corporation is its Board of Directors, and there are no members entitled to vote.

CENTER FOR THE ARTS, INC.

By _____
Its President

and

By _____
Its Secretary

Prepared by:

Louis S. Southworth, II
Jackson & Kelly
1600 Laidley Tower
P. O. Box 553
Charleston, West Virginia 25322

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

I, Valerie J. Brown, a Notary Public of said County, do certify that John L. McClaugherty, President of Center For The Arts, Science and Education, Inc., a West Virginia corporation, executed this document on behalf of the Corporation and has this day acknowledged the same before me in my said County.

Given under my hand this 21st day of August, 1995.

My commission expires April 28, 2001.

Valerie J. Brown
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
VALERIE J. BROWN
JACKSON & KELLY
P. O BOX 553 CHARLESTON, WV 25322
MY COMMISSION EXPIRES 04-28-2001

AXX010EP

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

originals of the Restated Articles of Incorporation of

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

are filed in my office, signed and verified, as required by the provisions of Chapter 31, Article 1, Section 33 of the West Virginia Code and conform to law. Therefore, I issue this

RESTATED CERTIFICATE OF INCORPORATION

of the corporation, to which I have attached a duplicate original of the Restated Articles of Incorporation.

Given under my hand and the Great Seal of the State of West Virginia, on this

TWENTY-SECOND *day of*

OCTOBER *19* 96

Ken Hechler

Secretary of State.

FILED
OCT 22 1996
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA

RESTATED
ARTICLES OF INCORPORATION
OF
CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Pursuant to the provisions of West Virginia Codes §31-1-33, the undersigned corporation, pursuant to a resolution duly adopted by the board of directors, hereby adopts the following Restated Articles of Incorporation FILED IN DUPLICATE:

I. The name of the Corporation is Center for the Arts and Sciences of West Virginia, Inc.

II. The existence of the Corporation shall be perpetual.

III. The Corporation is organized and at all times hereafter shall be operated exclusively for charitable and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code", which shall include any subsequent corresponding Code of Federal tax law), including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Code section 501(c)(3). The general purposes of the Corporation are: (1) to organize, coordinate, promote and implement a plan for the development, construction and operation of a center for the arts and sciences; (2) to solicit and obtain support, financial and otherwise, for all phases of the development, construction, operation and perpetual maintenance of the center; (3) to hold legal title to all properties, real and personal, constituting the center including by lease; and (4) to enhance community support and appreciation for the arts and a center for the arts to serve the state and region.

IV. The principal office of the Corporation shall be located in Charleston, West Virginia and its mailing address shall be Center for the Arts and Sciences of West Virginia, Inc., 1426 Kanawha Boulevard, East, Charleston, West Virginia 25301.

V. The person to whom notice of process may be sent is President, Center for the Arts and Sciences of West Virginia, Inc., 1426 Kanawha Boulevard, East, Charleston, West Virginia 25301.

VI. BOARD OF DIRECTORS

a. General Authority. The affairs of the corporation will be managed by its Board of Directors, which shall have full authority to take such actions as it deems

necessary or appropriate to accomplish the purposes for which the corporation has been formed.

b. Number, Tenure and Qualifications. There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall hold office for three years. Directors may succeed themselves in office and need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

Mayor of the City of Charleston
President of Charleston Renaissance Corporation
President of the County Commission of
Kanawha County
Chairman of the Charleston Regional
Chamber of Commerce
Chairman of the West Virginia Chamber
of Commerce
Chairman of the West Virginia Roundtable

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting power.

c. Appointments and Elections.

(1) The Governor of the State of West Virginia shall appoint nine members of the Board of Directors with the advice and consent of the Senate of West Virginia. Of the appointed members, three shall be selected from each congressional district of the State of West Virginia: provided, that none of the appointed members shall be a resident of Kanawha County. The members appointed by the Governor with the advice and consent of the Senate shall serve on the Board for three-year staggered terms. Of the members first appointed by the Governor, one from each congressional district shall serve a three-year term, one from each congressional district shall serve a two-year term, and one from each congressional district shall serve a one-year term. The Governor shall fill any vacancy among these nine appointed members, created by death, resignation, or other cause with the advice and consent of the Senate, provided that at all times each congressional district shall have three members on the Board of Directors.

(2) All remaining members of the Board of Directors shall be elected at the annual meeting of Directors held in each year to fill the vacancies created by the directors whose terms are expiring. Additional members of the Board of Directors, up to the limit of sixty, or as needed to fill any vacancy created by death, resignation or other

cause, may be elected at any regular or special meeting upon due notice to the members entitled to vote thereon.

VII. The name and address of the incorporator of the Corporation is John L. McClaugherty, P.O. Box 553, Charleston, West Virginia 25322.

VIII. The Corporation shall have no capital stock.

IX. The Corporation shall have no members.

X. Provisions for the regulation of the internal affairs of the Corporation are:

a. The business of the Corporation shall be managed by its Board of Directors, who shall constitute the governing body of the Corporation.

b. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its board members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III herein.

c. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in, or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

d. Not withstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any activity not permitted to be carried on by an organization exempt from federal income tax under Code section 501(c)(3), or by an organization contributions to which are deductible under Code section 170.

e. Each director and officer and former director and officer of the Corporation, his heirs and personal representatives, shall be indemnified by the Corporation against costs and expenses at any time reasonably incurred by him arising out of or in connection with any claim, action, suit or proceeding, civil or criminal, against him or to which he may be made a party by reason of his being or having been such director or officer, except in relationship to matters as to which he shall be adjudged in such action, suit or proceeding, to be liable for gross negligence or willful misconduct in the performance of a duty to the Corporation. If, in the judgment of the Board of Directors of the Corporation,

a settlement of any claim, action, suit or proceeding, so arising shall be deemed in the best interest of the Corporation, any such director or officer shall be reimbursed for any amounts paid by him in effecting such settlement and reasonable expenses incurred in connection therewith. The foregoing right of indemnification shall be in addition to any and all other rights to which any director or officer may be entitled as a matter of a law.

f. In furtherance of its purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of West Virginia upon nonprofit corporations, including, without limitation, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same for the purposes stated in Article III herein.

XI. The Corporation shall conduct its activities and seek such sources of support, as will enable it to qualify as an organization which is not a private foundation as defined in Code section 509. However, for any period during which the Corporation is a private foundation, the Corporation shall be subject to the following restrictions and prohibitions: (a) the Corporation shall make distributions for each taxable year at such time and in such manner as not to become subject to the tax imposed on undistributed income by Code section 4942; (b) the Corporation shall not engage in any act of self-dealing as defined in Code section 4941(d); (c) the Corporation shall not retain any excess business holdings which will subject it to tax under Code section 4943; (d) the Corporation shall not make any investments in a manner such as to subject it to tax under Code section 4944; and (e) the Corporation shall not make any taxable expenditure as defined in Code section 4945(d).

XII. In the event of dissolution of the Corporation, after payment of all necessary expenses thereof, all of the assets and property of the Corporation shall be distributed, as the Board of Directors of the Corporation may determine, to (1) any other or successor organization then in existence in West Virginia having the same purposes as the Corporation, if such organization then qualifies for tax-exempt status under Code section 501(c)(3); (2) any organization organized for one or more exempt purposes within the meaning of Code section 501(c)(3), if such organization then qualifies for tax-exempt status under Code section 501(c)(3); or (3) organizations described in above clause (1) and organizations described in above clause (2) of this Article XII.

These Restated Articles of Incorporation correctly set forth without change the corresponding provisions of the Articles of Incorporation as theretofore amended, and they supersede the original Articles of Incorporation and all amendments thereto.

CENTER FOR THE ARTS AND SCIENCES
OF WEST VIRGINIA, INC.

By _____
Its President

and

By _____
Its Secretary

Prepared by:

Louis S. Southworth, II
Jackson & Kelly
1600 Laidley Tower
P. O. Box 553
Charleston, West Virginia 25322

C/M: 4430.301
CHASFS3:49209

STATE OF WEST VIRGINIA
COUNTY OF Kanawha, to-wit:

The foregoing instrument was acknowledged before me this 18th day of October, 1996, by L. Newton Thomas, Jr, President of CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: April 28, 2001.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
VALERIE J. BROWN
JACKSON & KELLY
P.O. BOX 553 CHARLESTON, WV 25322
MY COMMISSION EXPIRES APRIL 28, 2001

(seal)

Valerie J. Brown
NOTARY PUBLIC

CM: 4430/302
CHASFS3:49209

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

originals of the Articles of Amendment to the Articles of Incorporation of

CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC.

are filed in my office, signed and verified, as required by the provisions of Chapter 31, Article 1, Section 31 of the West Virginia Code and conform to law. Therefore, I issue this

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

changing the name of the corporation to

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

and I attach to this certificate a duplicate original of the Articles of Amendment.

Given under my hand and the Great Seal of the State of West Virginia, on this

TWENTY-SECOND *day of*

OCTOBER *19* 96

Ken Hechler

Secretary of State.

FILED
OCT 2 2 1996
IN THE OFFICE OF
SECRETARY OF STATE
WEST VIRGINIA

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC.

Pursuant to the provisions of Section 31, Article 1, Chapter 31 of the West Virginia Code, the undersigned Corporation adopts the following articles of amendment to its Articles of Incorporation.

FIRST: The name of the Corporation is Center for the Arts, Science and Education, Inc.

SECOND: The following amendments to the Articles of Incorporation were adopted by the Board of Directors of the Corporation at its annual Meeting held on the 5th day of September, 1996:

RESOLVED, that Article I of the Articles of Incorporation of the Corporation shall be amended to change the name of the Corporation to "Center For The Arts and Sciences of West Virginia, Inc."

RESOLVED, that Article III of the Articles of Incorporation of the Corporation, be, and hereby is, amended and restated in its entirety to read as follows:

> III. The Corporation is organized and at all times hereafter shall be operated exclusively for charitable and educational purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code", which shall include any subsequent corresponding Code of Federal tax law), including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Code section 501(c)(3). The general purposes of the Corporation are: (1) to organize, coordinate, promote and implement a plan for the development, construction and operation of a center for the arts and sciences; (2) to solicit and obtain support, financial and otherwise, for all phases of the development, construction, operation and perpetual maintenance of the center; (3) to hold legal title to all properties, real and personal, constituting the center including by lease; and (4) to enhance community support and appreciation for the arts and a center for the arts to serve the state and region.

RESOLVED, that Article IV of the Articles of Incorporation of the Corporation shall be amended and restated in its entirety to read as follows:

IV. The principal office of the Corporation shall be located in Charleston, West Virginia and its mailing address shall be Center for the Arts and Sciences of West Virginia, Inc., 1426 Kanawha Boulevard, East, Charleston, West Virginia 25301.

RESOLVED, that Article V of the Articles of Incorporation of the Corporation shall be amended and restated in its entirety to read as follows:

V. The person to whom notice of process may be sent is President, Center for the Arts and Sciences of West Virginia, Inc., 1426 Kanawha Boulevard, East, Charleston, W.V. 25301.

RESOLVED, that Article VI of the Articles of Incorporation of the Corporation shall be amended and restated in its entirety to read as follows:

VI. BOARD OF DIRECTORS

a. General Authority. The affairs of the corporation will be managed by its Board of Directors, which shall have full authority to take such actions as it deems necessary or appropriate to accomplish the purposes for which the corporation has been formed.

b. Number, Tenure and Qualifications. There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall hold office for three years. Directors may succeed themselves in office and need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

Mayor of the City of Charleston
President of Charleston Renaissance Corporation
President of the County Commission of
Kanawha County
Chairman of the Charleston Regional
Chamber of Commerce
Chairman of the West Virginia Chamber
of Commerce
Chairman of the West Virginia Roundtable

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting power.

c. Appointments and Elections.

(1) The Governor of the State of West Virginia shall appoint nine members of the Board of Directors with the advice and consent of the Senate of West Virginia. Of the appointed members, three shall be selected from each congressional district of the State of West Virginia: provided, that none of the appointed members shall be a resident of Kanawha County. The members appointed by the Governor with the advice and consent of the Senate shall serve on the Board for three-year staggered terms. Of the members first appointed by the Governor, one from each congressional district shall serve a three-year term, one from each congressional district shall serve a two-year term, and one from each congressional district shall serve a one-year term. The Governor shall fill any vacancy among these nine appointed members, created by death, resignation, or other cause with the advice and consent of the Senate, provided that at all times each congressional district shall have three members on the Board of Directors.

(2) All remaining members of the Board of Directors shall be elected at the annual meeting of Directors held in each year to fill the vacancies created by the directors whose terms are expiring. Additional members of the Board of Directors, up to the limit of sixty, or as needed to fill any vacancy created by death, resignation or other cause, may be elected at any regular or special meeting upon due notice to the members entitled to vote thereon.

THIRD: There are no Members of the Corporation.

FOURTH: At the time of the Annual Meeting of the Board of Directors, there were _____ (__) members of the Board of Directors. _____ (__) of such members voted for the amendments, and -0- voted against..

Dated: October 18, 1996

CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC.

By L. Newton Thomas Jr
Its President

Dated: October 18, 1996

CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC..

By Thomas E Potter
Its Secretary

Prepared By:

Louis S. Southworth, II, Esq.
JACKSON & KELLY
1600 Laidley Tower
P.O. Box 553
Charleston, WV 25322

STATE OF WEST VIRGINIA

COUNTY OF Kanawha, to-wit:

The foregoing instrument was acknowledged before me this 18th day of October, 1996, by L. Newton Thomas, Jr., President of CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: April 28, 2001.

OFFICIAL SEAL
NOTARY PUBLIC STATE OF WEST VIRGINIA
(seal) VALERIE J. BROWN
JACKSON & KELLY
P. O. BOX 553 CHARLESTON, WV 25322
MY COMMISSION EXPIRES OCTOBER 28, 2001

Valerie J. Brown
NOTARY PUBLIC

STATE OF WEST VIRGINIA

COUNTY OF Kanawha, to-wit:

The foregoing instrument was acknowledged before me this 18th day of October, 1996, by Thomas E. Potter, Secretary of CENTER FOR THE ARTS, SCIENCE AND EDUCATION, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: April 28, 2001.

OFFICIAL SEAL
NOTARY PUBLIC STATE OF WEST VIRGINIA
(seal) VALERIE J. BROWN
JACKSON & KELLY
P. O. BOX 553 CHARLESTON, WV 25322
MY COMMISSION EXPIRES OCTOBER 28, 2001

Valerie J. Brown
NOTARY PUBLIC

CM: 4430/302
CHASFS3:18592

STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, to-wit:

The foregoing certification was acknowledged before me this 21st day of October, 1996, by Thomas E. Potter, Secretary of CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia Corporation, on behalf of the Corporation.

My commission expires: April 28, 2001.

Valerie J. Brown
NOTARY PUBLIC

(seal)

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
VALERIE J. BROWN
JACKSON & KELLY
P.O. BOX [illegible] CHARLESTON, WV 25322

C/M: 4430/302
CHASFS3:51899

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

by the provisions of the West Virginia Code, Articles of Merger were received and filed,

MERGING AVAMPATO DISCOVERY MUSEUM, INC., A QUALIFIED WV ORGANIZATION, WITH AND INTO CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., A QUALIFIED WV ORGANIZATION.

Therefore, I hereby issue this

CERTIFICATE OF MERGER

Given under my hand and the Great Seal of the State of West Virginia on this day of June 30, 2006

Betty Ireland

Secretary of State

FILED

JUN 3 0 2008

IN THE OFFICE OF
SECRETARY OF STATE

ARTICLES OF MERGER
OF
AVAMPATO DISCOVERY MUSEUM, INC.
WITH AND INTO
CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Pursuant to the provisions of West Virginia Code §31E-11-1103, the Clay Center for the Arts and Sciences of West Virginia, Inc. and Avampato Discovery Museum, Inc. adopt the following Articles of Merger for the purpose of merging Avampato Discovery Museum, Inc. with and into the Clay Center for the Arts and Sciences of West Virginia, Inc.

FIRST: The parties to the merger are the Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia non-stock, non-profit corporation, and the Avampato Discovery Museum, Inc., a West Virginia non-stock, non-profit corporation, each of which is qualified as an organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

SECOND: The Avampato Discovery Museum, Inc. shall be merged with and into the Clay Center for the Arts and Sciences of West Virginia, Inc. and the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be the surviving entity.

THIRD: The Articles of Incorporation of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be the Articles of Incorporation of the surviving entity, with such changes as set forth below:

(a) Article III of the Restated Articles of Incorporation of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended to add an additional purpose to the general purposes of the Corporation as stated therein which shall be as follows: "(6) The operation of the Avampato Discovery Museum at the Clay Center for the Arts and Sciences of West Virginia, Inc."

(b) Article VI, paragraph b of the Restated Articles of Incorporation of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended and restated in its entirety to read as follows:

"b. Number, Tenure and Qualifications. There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall serve on the board for three-year staggered terms, except that one-third of the Directors elected as of the effective date of these Restated Articles of Incorporation shall serve a term of one-year, one-third a term of two years and one-third a term of three years. Directors who are elected to a three-year term may succeed themselves in office for two additional three-year terms and Directors who are elected to a one or two-year term may succeed themselves in office for three additional three-year terms. At all times, the Board of Directors shall be a self-perpetuating board with staggered terms which shall be determined by dividing the number of total Directors, other than ex officio directors, into three groups, with each group containing approximately the same percentage of the total number of directors, as possible, such that one group of Directors shall be elected at each annual meeting. The Board shall have the power to fill any vacancy occurring in the interim of annual meetings. The Directors need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

President of the West Virginia Symphony Orchestra
Mayor of the City of Charleston
Member of the County Commission of
Kanawha County selected by said Commission
Chairman of the Board of Directors of the West Virginia Chamber

Of Commerce
Chairman of the Board of Directors of the Charleston Area Alliance
Chairman of the Friends of Clay Center
President of the Collector's Club

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting authority."

(c) Article IX of the Restated Articles of Incorporation of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended and restated in its entirety to read as follows:

"IX. The Corporation shall have no members; all rights of members are vested in the Board of Directors. The Board of Directors may refer to certain persons associated with the Corporation as members, if such persons have at that time satisfied the requirements established by the Board for such membership. However, no such reference shall constitute any such person being a member of the Corporation with the meaning of the laws of the State of West Virginia or entitle any such person to a vote as a member."

FOURTH: The Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be the Bylaws of the surviving entity, with such changes as are set forth in the Plan of Merger attached hereto as Exhibit A.

FIFTH: The Clay Center for the Arts and Sciences of West Virginia, Inc., as the surviving corporation, shall take all such actions as shall be necessary to assure that following the merger it will in all respects qualify as an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Code.

SIXTH: The Plan of Merger attached hereto as Exhibit A and these Articles of Merger have been adopted and approved (a) by the Board of Trustees of Avampato

Discovery Museum, Inc., at a meeting held on June 13, 2006, at which a quorum was present and voting, and (b) by the Board of Directors of the Clay Center for the Arts and Sciences of West Virginia, Inc., at a meeting held on June 29, 2006, at which a quorum was present and voting.

SEVENTH: There are no members of the Clay Center for the Arts and Sciences of West Virginia, Inc. and the favorable vote of the Board of Directors is the only vote required. The members of the Avampato Discovery Museum, Inc. consist solely of the members of its Board of Trustees who voted in their capacity as members at a meeting held on June 27, 2006, at which a quorum was present and voting, 30 members having voted in favor of the Plan of Merger and 0 members against and such vote was sufficient to formally adopt and approve the Plan of Merger.

EIGHTH: The name of the surviving entity shall be the Clay Center for the Arts and Sciences of West Virginia, Inc. and its principal place of business and mailing address shall be One Clay Square, Charleston, WV 25301.

NINTH: The merger shall be effective upon the filing of these Articles of Merger with the Secretary of State of West Virginia at 12:01 A.M. July 1, 2006.

EXECUTED as of this 30th day of June, 2006.

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

By: _____
Chairman

By: _____
Secretary

AVAMPATO DISCOVERY MUSEUM, INC.

By: _____
Chairman

By: _____
Secretary

PLAN OF MERGER
OF
AVAMPATO DISCOVERY MUSEUM, INC.
WITH AND INTO
CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Pursuant to the provisions of West Virginia Code §31E-11-1101, the Clay Center for the Arts and Sciences of West Virginia, Inc. and Avampato Discovery Museum, Inc. adopt the following Plan of Merger for the purpose of merging Avampato Discovery Museum, Inc. with and into the Clay Center for the Arts and Sciences of West Virginia, Inc.

PARTIES TO THE MERGER: The parties to the merger are the Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia non-stock, non-profit corporation, and the Avampato Discovery Museum, Inc., a West Virginia non-stock, non-profit corporation, each of which is qualified as an organization exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

SURVIVING ENTITY: The Avampato Discovery Museum, Inc. shall be merged with and into the Clay Center for the Arts and Sciences of West Virginia, Inc. and the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be the surviving entity and its mailing address and principal place of business shall be One Clay Square, Charleston, West Virginia 25301.

ASSETS AND LIABILITIES: On the effective date of the merger, the separate corporate existence of Avampato Discovery Museum, Inc., shall cease, and the Clay Center for the Arts and Sciences of West Virginia, Inc., as survivor of the merger, shall

succeed to all of the assets of and assume all of the legally enforceable obligations and liabilities, known and unknown, of the Avampato Discovery Museum, Inc. Without limiting the generality of the foregoing, any restricted fund or general trust funds held for the benefit of the Avampato Discovery Museum, Inc., shall now be held for the benefit of the Clay Center for the Arts and Sciences of West Virginia, Inc.

MEMBERS: The Clay Center for the Arts and Sciences of West Virginia, Inc. shall have no members entitled to vote as Members under W.Va. Code § 31E-6-601 et seq. and §31E-7-701 et seq., and the Clay Center for the Arts and Sciences of West Virginia, Inc., is to operate under the management of its Board of Directors.

TAX EXEMPT STATUS: The Clay Center for the Arts and Sciences of West Virginia, Inc., as the surviving entity, shall take all such actions as shall be necessary to assure that following the merger it will in all respects continue to exist as a non-stock, non-profit corporation under the laws of the State of West Virginia, qualified as an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Code.

TRANSITION: In order to assure the orderly implementation of the merger, the parties to the merger agree as follows: (1) on the effective date of the merger, the individuals set forth on Exhibit 1 hereto shall be elected to serve as the members of the Board of Directors of the Clay Center for the Arts and Sciences of West Virginia, Inc., for such terms and in such capacities as set forth on Exhibit 1; (2) on the effective date of the merger, the individuals set forth on Exhibit 2 shall be elected to serve as the officers of the Clay Center for the Arts and Sciences of West Virginia, Inc. for such terms and in such capacities as set forth on Exhibit 2 opposite their respective names; (3) on the

effective date of the merger through June 30, 2009, the Executive Committee of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall include at least three members of the Board of Directors of the Clay Center for the Arts and Science of West Virginia, Inc. who were serving on its Board immediately preceding the merger and three members of the Board of Directors of the Avampato Discovery Museum, Inc. who were serving on its Board immediately preceding the merger; and (4) on the effective date of the merger, all individuals serving as Advisory Trustees of the Avampato Discovery Museum, Inc. immediately prior to the merger shall become members of the Advisory Board of the Clay Center for the Arts and Sciences of West Virginia, Inc.

PRESIDENT: On the effective date of the merger, Judith L. Wellington shall be elected to the office of and become the President of the Clay Center for the Arts and Sciences of West Virginia, Inc.

AMENDMENTS TO THE ARTICLES OF INCORPORATION. On the effective date of the merger, the Restated Articles of Incorporation of the Clay Center for the Arts and Sciences of West Virginia, Inc., shall be amended as set forth in the Articles of Merger.

AMENDMENTS TO THE BYLAWS. On the effective date of the merger, the following amendments shall be made to the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc.:

(a) Article III, Section 2 of the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended in its entirety to read as follows:

"**Section 2.** **Number, Tenure and Qualifications.** There will be no fewer than nine nor more than sixty Directors to be appointed or elected. Directors shall

serve on the board for three-year staggered terms, except that one-third of the Directors elected as of the effective date of these Amended and Restated Bylaws shall serve a term of one-year, one-third a term of two years and one-third a term of three years. Directors who are elected to a three-year term may succeed themselves in office for two additional three-year terms and Directors who are elected to a one or two-year term may succeed themselves in office for three additional three-year terms. At all times, the Board of Directors shall be a self-perpetuating board with staggered terms which shall be determined by dividing the number of total Directors, other than ex officio directors, into three groups, with each group containing approximately the same percentage of the total number of directors, as possible, such that one group of Directors shall be elected at each annual meeting. The Board shall have the power to fill any vacancy occurring in the interim of annual meetings. The Directors need not be residents of the State of West Virginia. In addition, there shall be the following ex officio directors, if they so choose to serve:

President of the West Virginia Symphony Orchestra
Mayor of the City of Charleston
Member of the County Commission of
Kanawha County selected by said Commission
Chairman of the Board of Directors of the West Virginia Chamber
Of Commerce
Chairman of the Board of Directors of the Charleston Area Alliance
Chairman of the Friends of Clay Center
President of the Collectors Club

The Board of Directors may add additional ex officio members. All ex officio directors shall have full voting authority."

(b) Article IV, Section 1 of the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended in its entirety to read as follows:

"**Section 1. Officers.** The officers of the Corporation will be a Chairman, a President, a First Executive Vice Chairman, a Second Executive Vice Chairman, and one Vice Chairman (the President of the West Virginia Symphony Orchestra), a Vice President, a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable, such officers to have the authority, and to perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person. All officers shall be elected from the membership of the Board of Directors."

(c) Article IV, Section 7 of the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended in its entirety to read as follows:

"**Section 7. <u>First and Second Executive Vice Chairman</u>.** In the absence of the Chairman, or in the event of his or her death, inability or refusal to act, the First Executive Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. In the absence of the Chairman and the First Executive Vice Chairman, the Second Executive Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all of the restrictions upon the Chairman. The First Executive Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors. The Second Executive Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors. The First Executive Vice Chairman may be considered for the office of Chairman upon the conclusion of the term of the current Chairman or any consecutive terms of the current Chairman, provided that the First Executive Vice Chairman must be elected the Chairman by the Board of Directors at the annual meeting of the Board of Directors before becoming the Chairman. The Second Executive Vice Chairman may be considered for the office of First Executive Vice Chairman upon the conclusion of the term of the current First Executive Vice Chairman or any consecutive terms of the current First Executive Vice Chairman, provided that the Second Executive Vice Chairman must be elected the First Executive Vice Chairman by the Board of Directors at the annual meeting of the Board of Directors before becoming the First Executive Vice Chairman."

(d) Article IV, Section 8 of the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended in its entirety to read as follows:

"**Section 8. <u>Vice Chairman</u>.** In the absence of the Second Executive Vice Chairman, or in the event of his or her death, inability or refusal to act, the Vice Chairman shall perform the duties of the Second Executive Vice Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Second Executive Vice Chairman. A Vice Chairman will perform such other duties as from time to time may be assigned to him or her by the Chairman or by the Board of Directors."

(e) Article V, Section 2 of the Amended and Restated Bylaws of the Clay Center for the Arts and Sciences of West Virginia, Inc. shall be amended to add the following standing committees of the Board of Directors: Acquisitions Committee and Personnel Committee.

TERMINATION: This Plan of Merger and the transactions contemplated hereby may be terminated by the Clay Center for the Arts and Sciences of West Virginia, Inc. or by the Avampato Discovery Museum, Inc. at any time prior to the Closing Date by not less than thirty (30) days written notice to the other party.

EFFECT OF TERMINATION: In the event this Plan of Merger shall be terminated as provided herein, all further obligations of the Clay Center for the Arts and Sciences of West Virginia, Inc. and of the Avampato Discovery Museum, Inc. hereunder or under any agreement reached in connection herewith shall terminate.

CLOSING DATE: The execution of the documents and the consummation of the merger as set forth herein shall be held at the offices of the Clay Center for the Arts and Sciences of West Virginia, Inc. at One Clay Square, Charleston, West Virginia 25301 on June 30, 2006 at 10:00 a.m. or on such other date and at such time as the parties hereto may agree. The time and date of closing are herein called the "Closing Date." On the Closing Date, the Clay Center for the Arts and Sciences of West Virginia, Inc., as the surviving entity, shall cause Articles of Merger to be filed with the Secretary of State of West Virginia.

CONFIRMATORY DOCUMENTS FOLLOWING THE EFFECTIVE DATE OF THE MERGER: The Clay Center for the Arts and Sciences of West Virginia, Inc. and the Avampato Discovery Museum, Inc. by and through their officers,

directors and members shall take such other and further action as shall be necessary and appropriate to accomplish and confirm the merger including, without limitation, the execution and recordation of confirmatory deeds, bills of sale and other similar documents.

EFFECTIVE DATE: The merger shall be effective upon filing of these Articles of Merger with the Secretary of State of West Virginia at 12:01 a.m., July 1, 2006.

EXECUTED as of this 30th day of June, 2006.

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

By: _____
Chairman of the Board

By: _____
Secretary

AVAMPATO DISCOVERY MUSEUM, INC.

By: _____
Chairman of the Board

By: _____
Secretary

Exhibit 1

Clay Center for the Arts and Sciences of WV, Inc.

Board of Directors

Class of 2007	Class of 2008	Class of 2009
Phyllis Arnold	Sharon Banks	Marty Becker
Ellen Cappellanti	Robert Berthold	Kelly Castleberry
Allan Fowler	Nick Carter	Andy Cooke
Stephen Kawash	Elizabeth Chilton	Phil Goodwin
Ken Kleeman	Fonda Elliot	Shawn George
Charles Loeb	Horace Emery	Tom Heywood
Ed Maier	Mike Graney	Mildred Holt
Cody Mueller	Eric Iskra	Melvin Jones
Tom Potter	Gayle Manchin	Sallie McClaugherty
Charles Ryan	David Ramsey	Harvey Peyton
John Strickland	Reed Spangler	Sue Sergi
Newton Thomas	Andrew Teeter	Gayle Twigger Shaw
Mike Walker	Joe Wollenberger	Sharon Wehrle

Gubernatorial Appointments

2005	2006	2007
Joyce Allen (2)	Tom Rogers (1)	Nick Fantasia (1)
Robert Shell (3)	Joan Weisberg (3)	Sharon Rowe (3)
Vacancy	Vacancy	Diane Dailey (2)

Kanawha County Commission Appointments
Matthew Watts

Ex- Officio
Charles Avampato, Clay Foundation
Designee of the Clay Foundation
Patrick Bond, WV Symphony Orchestra
Danny Jones, Mayor of the City of Charleston
David Hardy, Kanawha County Commission
David Flannery, WV Chamber of Commerce
Kathy Muehlman, Chair of Collectors Club
Jeff Stewart, Chair of Friends of the Clay Center
Jack Rossi, Chair, Charleston Area Alliance

Exhibit 2

Clay Center for the Arts and Sciences of WV, Inc.

Officers

Capacity	Name	Term ending
Chairman	Ed Maier	2007
President	Judy Wellington	
First Executive Vice Chairman	Andy Teeter	2007
Second Executive Vice Chairman	Melvin Jones	2007
Vice Chairman (President, WVSO)		
Vice President/CFO	Sarah Martin	
Secretary	Ellen Cappellanti	2007
Treasurer	Chuck Avampato	2007

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

Articles of Amendment to the Articles of Incorporation of

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

Are filed in my office as requiredby the provisions of the West Virginia Code and are found to conform to law. Therefore, I issue this.

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

changing the name of the corporation to

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

STATE OF WEST VIRGINIA
MONTANI SEMPER LIBERI

Given under my hand and the Great Seal of the State of West Virginia on this day of January 12, 2006

Betty Ireland

Secretary of State

FILED

JAN 12 2006

IN THE OFFICE OF
SECRETARY OF STATE

Secretary of State
State Capitol Bldg.
1900 Kanawha Blvd. East
Charleston, WV 25305

Corporations Division
Tel (304) 558-8000
8:30am – 5:00pm ET
www.wvsos.com

File One Original. Fee $25
(If you want a copy returned send an additional copy along with your original application)

WV ARTICLES OF INCORPORATION
NON-PROFIT AMENDMENT

Fax: 304-558-5758

FIRST: The present name of the corporation is: CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

SECOND: The date of the adoption of the amendment(s): March 3, 2005

THIRD: In the manner prescribed by the WV Code Chapter 31D, Article 10, Section 1005, the members/board of directors have adopted the following amendment(s) to the Articles of Incorporation:

- ☐ Statement required by the IRS to be included in Articles of Incorporation, Restatement or Amendment for 501(c)(3) status approval (attached)
- ☒ Change of name to: CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.
- ☐ Other (attach amendments to form)

FOURTH: Check and complete the applicable statement:

- ☐ At a meeting held on _____ a quorum of the members entitled to vote on the amendment were present and the amendment was adopted by a majority of members present.
- ☐ The amendment was adopted by consent in writing signed by all members entitled to vote on the amendment.
- ☒ No members were entitled to vote on the amendment. At a meeting held on the 03/03/05 amendment was adopted by a majority of the directors in office.

FIFTH: **Articles of amendment prepared by:**

(name) Ellen S. Cappellanti

(address) P.O. Box 553, Charleston, WV 25322

(phone #) 340-1277

SIXTH: Signature of one of the officers or chairman of the board of directors of the corporation:

CHAIRMAN ~~President~~

State of West Virginia
Office of the Secretary of State

I, Natalie E Tennant, Secretary of State of West Virginia, do hereby certify this is a true and correct copy of the original record now in my official custody as Secretary of State.

Given under my hand and the Great Seal of the State of West Virginia

By _____
Natalie E Tennant, Secretary of State

By _____
WV SOS Representative

Notice: This is an official certification only when reproduced in red ink.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

was incorporated under the laws of West Virginia and a Certificate of Incorporation was issued by the West Virginia Secretary of State's Office on October 9, 1990.

I further certify that the corporation has not been revoked by the State of West Virginia nor has the West Virginia Secretary of State issued a Certificate of Dissolution to the corporation.

Accordingly, I hereby issue this

CERTIFICATE OF EXISTENCE

Given under my hand and the Great Seal of the State of West Virginia on this day of February 24, 2010

Natalie E. Tennant

Secretary of State

COMMITTEE REPORT

TO: **Clerk of the Council of the City of Charleston, West Virginia**

FROM: **The Committee on FINANCE**

Your Committee on **Finance**

has had under consideration: Bill No. 7409, authorizing a Sublease with the Clay Center for the Arts and Sciences of West Virginia, Inc., the refunding of certain outstanding Series 1999 Bonds of the Charleston Building Commission relating thereto and the execution and delivery of the Sublease and related documents; issuance of Series 2010A and 2010B Bonds; and taking all other actions relating to such transactions

and reports the same to Council with the recommendation that the

Bill do pass

CHAIRMAN

Bill No. 7409

Introduced in Council: **Referred to:**

December 21, 2009 **Finance Committee**

Introduced by: **Passed by Council:**

Jack Harrison January 4, 2010

A Bill authorizing a Sublease with the Clay Center for the Arts and Sciences of West Virginia, Inc., the refunding of certain outstanding bonds of the Charleston Building Commission relating thereto and the execution and delivery of the Sublease and related documents; taking all other actions relating to such transactions.

WHEREAS, The City of Charleston, West Virginia (the "City") and its council (the "Council") are permitted by Section 8-12-5(49) and Article 16 of Chapter 8 of the Code of West Virginia of 1931, as amended (the "City Act"), to expend public funds for maintaining and operating instrumentalities, other than free public schools, for the instruction, enlightenment, improvement, entertainment, recreation and welfare of the City's inhabitants which is necessary and appropriate for the public interest;

WHEREAS, pursuant to Article 33 of Chapter 8 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), and certain sections of the City Act, and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Charleston Building Commission (the "Building Commission") and Bank One, West Virginia, National Association, as trustee, the Building Commission issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment (the "Equipment") for the Clay Center for the Arts and Sciences of West Virginia (formerly, the Center for the Arts and Sciences of West Virginia) (the "Clay Center"), which Equipment is currently owned by the Building Commission and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation"), pursuant to a Contract of Lease-Purchase dated as of June 1, 1999;

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center, located in Charleston, West Virginia;

WHEREAS, the Series 1999 Bonds are outstanding on the date of enactment hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded");

WHEREAS, the Building Commission, under the provisions of Article 2A of Chapter 13 of the Code of West Virginia of 1931, as amended (the "Refunding Act"; the Enabling Act, the City Act and the Refunding Act are hereinafter referred to collectively as the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor or which it may deem necessary or advisable in connection with the exercise of its powers;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Building Commission issue refunding revenue bonds to refund the Bonds To Be Refunded, and the Building Commission is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of such refunding revenue bonds during calendar year 2010;

WHEREAS, the Building Commission has under consideration an ordinance finding that it is necessary and appropriate for the Building Commission to issue, sell and deliver and authorizing the issuance of its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (the "2010A Bonds"), in the aggregate principal amount of not to exceed $2,450,000 and its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) the "2010B Bonds" and, together with the 2010A Bonds, the "2010 Bonds") in the aggregate principal amount of not to exceed $150,000, under the Act for the purpose of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs of issuance of the 2010 Bonds;

WHEREAS, the Building Commission expects to designate the 2010A Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Corporation desires to lease the Equipment from the Building Commission, and the Building Commission is willing to lease the Equipment to the Corporation, and the Corporation is willing to sublease the Equipment to the City pursuant to the terms, respectively, of a Lease and Agreement between the Building Commission and the Corporation (the "Lease") and of an amendment or restatement of the 1999 Sublease or a new Equipment Sublease between the Corporation and the City (the "Sublease") and to authorize the current refunding and redemption of the Bonds To Be Refunded pursuant to the Lease and Sublease, for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the 2010 Bonds when due;

WHEREAS, the principal and redemption price of and interest on the 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate to be created in the Trust Indenture to be entered into between the Building Commission and the Trustee (the "Trust Indenture"), and the pledges thereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under the Trust Indenture, and the 2010 Bonds will not constitute an indebtedness of the State of West

Virginia, the Building Commission or the City or a charge against any of the property thereof, or give any right against any member or officer of the Building Commission or the City or its Council; and

WHEREAS, the City has found and determined, and does hereby find and determine, that (i) the subleasing of the Equipment from the Corporation pursuant to the Sublease; (ii) the current refunding and redemption of the Bonds To Be Refunded; and (iii) all other things contemplated by or contained in this Ordinance or the Sublease are for a public purpose of the City and are necessary, proper and appropriate to accomplish a public purpose and are necessary, appropriate and required for the City.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CHARLESTON, WEST VIRGINIA:

Section 1. Findings. It is hereby found and determined that (i) the subleasing of the Equipment from the Corporation pursuant to the Sublease; (ii) the current refunding and redemption of the Bonds To Be Refunded; and (iii) all other things contemplated by or contained in this Ordinance or the Sublease are necessary, proper and appropriate to accomplish the public purpose of providing an instrumentality for the instruction, enlightenment, entertainment, recreation and welfare of the City known as the Clay Center as necessary, appropriate and required for the City.

Section 2. Refunding. The Council hereby finds that the current refunding and redemption on the earliest practicable redemption date of all the Bonds To Be Refunded are in the best interest of the City, authorizes such current refunding and redemption and the issuance of the 2010 Bonds for such purpose and requests the Building Commission to issue the 2010 Bonds for such purpose and for paying the costs of issuance of the 2010 Bonds and to call the Bonds To Be Refunded for redemption on the earliest practicable redemption date.

Section 3. Sublease. The Council hereby authorizes the Mayor to enter into the Sublease with the Corporation for the Equipment on behalf of the City.

Section 4. Rentals. The Council hereby authorizes the payment of the rentals required under the Sublease.

Section 5. Qualified Tax-Exempt Obligations. The Council hereby confirms and approves the Building Commission's designation and hereby designates the 2010A Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3)(D) of the Code.

Section 6. Incidental Actions. The Mayor, the City Manager, the City Clerk and any other appropriate and duly authorized officer of the City, each is hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates and to take such other action as may be necessary or appropriate in order to effectuate the execution and delivery of the Sublease. The execution, delivery and due performance of documents are hereby in all respects approved, authorized, ratified and confirmed, including all acts heretofore taken in connection with the refunding and redemption of the Bonds To Be Refunded and the subleasing of the Equipment.

1 Section 7. Effective Date. This Ordinance shall take effect immediately upon
2 enactment.

APPROVAL OF THE ISSUANCE OF BONDS
BY APPLICABLE ELECTED REPRESENTATIVE

WHEREAS, the Charleston Building Commission (the "Commission") proposes the issuance of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project) Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), for the purpose of providing funds to finance the current refunding and redemption of the Commission's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (and paying costs of issuance and related costs);

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended, requires the Mayor of the City of Charleston, as the duly elected representative of the City of Charleston, the next highest governmental unit from which the authority of the Charleston Building Commission is derived, to approve the issuance of the Bonds after a public hearing following reasonable notice, because the Charleston Building Commission has no applicable elected officer;

WHEREAS, on February 16, 2010, prior to this approval and the issuance of the Bonds, a public hearing was held following duly published notice thereof, a copy of which is attached hereto, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the Mayor of the City of Charleston approve the issuance of the Bonds;

NOW, THEREFORE, it is hereby DETERMINED that the issuance of the Bonds in the aggregate principal amount of $2,225,000 is hereby approved for the purpose of providing funds to finance the current refunding and redemption of the Commission's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (and paying costs of issuance and related costs).

Dated: February 25, 2010

THE CITY OF CHARLESTON

By: _____
Mayor

CONTINUING DISCLOSURE CERTIFICATE

$2,225,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$55,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the City of Charleston, a governmental instrumentality and a political subdivision of the State of West Virginia (the "City"), in connection with the issuance of $2,225,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds") and $55,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Taxable) (the "Series 2010B Bonds," and, together with the Series 2010A Bonds, the "Series 2010 Bonds"). The Series 2010 Bonds are being issued pursuant to an Ordinance enacted by the Charleston Building Commission, a municipal building commission and public corporation of the State of West Virginia (the "Issuer") on January 15, 2010 and a supplemental resolution adopted by the Issuer on February 16, 2010 (collectively, the "Ordinance"). The City covenants and agrees as follows:

SECTION 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Series 2010 Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Trust Indenture ("Indenture") dated as of February 1, 2010 between the Issuer and The Bank of New York Mellon, West Paterson, New Jersey, as Trustee, and the Purchase Agreement dated February 18, 2010 between the Issuer and the Participating Underwriter, as approved by the City, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the City, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 Bonds attached thereto as Appendix A, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a qualified independent auditor.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the City and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2010 Bonds who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

"Repository" shall mean the National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the City's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2010, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Certificate. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. If the City's fiscal year

changes, the City shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each National Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Certificate, stating the date it was provided and listing the Repositories to which it was provided.

(d) Effective on July 1, 2009 and thereafter, all documents provided to the Municipal Securities Rulemaking Board shall be provided in an electronic formant and shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The City's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

Within 180 days of the City's 2010 fiscal year-end, and each subsequent fiscal year, for delivery, to each Repository, in the format required by the Rule, such information and data of the City for the prior fiscal year, including the audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities except as provided by the Indenture;

11. rating changes.

(b) Whenever the City obtains knowledge of the occurrence of any of the Listed Events, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 Bonds. If such termination occurs prior to the final maturity of the Series 2010 Bonds, the City shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2010 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the City or Dissemination Agent to comply with this Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Certificate shall inure solely to the benefit of the City, the Underwriter and Holders and Beneficial Owners from time to time of the Series 2010 Bonds, and shall create no rights in any other person or entity.

Date: February 25, 2010

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)

Name of Issue: $2,225,000 CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED); $55,000 CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010B (TAXABLE)

Date of Issuance: February 25, 2010

Notice is hereby given that the City has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The City anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

This Preliminary Official Statement and the information contained therein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 16, 2010

NEW ISSUE - BOOK ENTRY ONLY

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, and subject to compliance by the Issuer, the Corporation and the City with certain conditions, representations and certifications, interest on the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank-Qualified) (the "Series 2010A Bonds") is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, interest on the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds") is includable in gross income for federal income tax purposes. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2010A Bonds and the Series 2010B Bonds and the interest thereon are exempt from taxation by the State of West Virginia. The Series 2010A Bonds have been designated as "qualified tax exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

$2,210,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX –EXEMPT – BANK QUALIFIED)

$50,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

Dated: Date of Delivery **Due: June1, as shown on inside cover**

The Series 2010A Bonds and the Series 2010B Bonds (collectively, the "Series 2010 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, New York, New York ("DTC"). 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 2010 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2010 Bonds, payments of the principal of and interest on the Series 2010 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 be beneficial owners is the responsibility of DTC participants (see "THE SERIES 2010 BONDS – Book-Entry Only System" herein). The Bank of New York Mellon, West Paterson, New Jersey, is Trustee, Registrar and Paying Agent for the Series 2010 Bonds. Interest on the Series 2010 Bonds will be payable on June 1 and December 1, commencing June 1, 2010.

The Series 2010 Bonds are subject to redemption prior to maturity as described herein. Proceeds of the Series 2010 Bonds as well as other funds will be used (1) to currently refund and redeem the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds to be Refunded") and (2) to pay issuance costs of the Series 2010 Bonds. The principal and redemption price of and interest on the 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under the Indenture, and the pledges thereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and rentals thereunder and any other property or funds pledged under the Indenture.

THE SERIES 2010 BONDS AND THE INTEREST THEREON ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES AND RENTALS DERIVED FROM, OR IN CONNECTION WITH, THE SUBLEASE, THE LEASE AND THE FUNDS PLEDGED THEREFOR AND THE PROPERTY AND FUNDS PLEDGED UNDER THE INDENTURE, AND THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE SERIES 2010 BONDS OR THE INTEREST THEREON, EXCEPT FROM THE SPECIAL FUNDS DERIVED FROM THE INDENTURE. THE SERIES 2010 BONDS AND ANY OTHER OBLIGATIONS, AGREEMENTS, COVENANTS OR REPRESENTATIONS CONTAINED IN THE INDENTURE, SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA. NEITHER THE SERIES 2010 BONDS NOR THE INTEREST PAYABLE THEREON SHALL BE A CHARGE AGAINST OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF THE SERIES 2010 BONDS SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA OR THE TAXING AUTHORITY, IF ANY, OF THE ISSUER OR THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. ANYTHING TO THE CONTRARY IN THE LEASE OR THE SUBLEASE NOTWITHSTANDING, THE LEASE AND THE SUBLEASE ARE CONSIDERED CANCELLED IF THE CITY COUNCIL FAILS TO BUDGET SUFFICIENT FUNDS, AND THE SUBLEASE MAY BE TERMINATED BY THE CITY FOR ANY REASON UPON 30 DAYS' WRITTEN NOTICE OF THE CITY TO THE TRUSTEE, THE CORPORATION AND ISSUER OF ITS INTENTION TO EXERCISE SUCH OPTION. (SEE "THE LEASE AGREEMENT" AND "RISK FACTORS" HEREIN).

The Series 2010 Bonds are offered for sale when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modifications of the offering without notice and to the unqualified approving legal opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Steven F. White, PLLC, Charleston, West Virginia, for the City by its counsel, Paul Ellis, Esq., Charleston, West Virginia, and for the Underwriter, by its counsel, Steptoe & Johnson PLLC, Charleston, West Virginia.

It is expected that the Series 2010 Bonds will be available for delivery through DTC, New York, New York, on or about February ___, 2010.

*Preliminary, subject to change.

AMOUNTS, MATURITIES INTEREST RATES AND PRICES*

$2,210,000* Series 2010A Bonds

$_____ _.___% Term Bonds, Due _____ 1, 20__ at ___.___% CUSIP _____
$_____ _.___% Term Bonds, Due _____ 1, 20__ at ___.___% CUSIP _____
$_____ _.___% Term Bonds, Due _____ 1, 20__ at ___.___% CUSIP _____
$_____ _.___% Term Bonds, Due _____ 1, 20__ at ___.___% CUSIP _____

$50,000* Series 2010B Bonds

Maturity	Amount	Coupon	Price	Yield	CUSIP
__/__/2010	$_____	_____%	_____%	_____%	_____

*Preliminary, subject to change.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City, the Issuer or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained by the Underwriter from sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Issuer or the City since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained by the Underwriter from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the City.

THE SERIES 2010 BONDS AND THE INTEREST THEREON ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES AND RENTALS DERIVED FROM, OR IN CONNECTION WITH, THE SUBLEASE, THE LEASE AND THE FUNDS PLEDGED THEREFOR AND THE PROPERTY AND FUNDS PLEDGED UNDER THE INDENTURE, AND THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE SERIES 2010 BONDS OR THE INTEREST THEREON, EXCEPT FROM THE SPECIAL FUNDS DERIVED FROM THE INDENTURE. THE SERIES 2010 BONDS AND ANY OTHER OBLIGATIONS, AGREEMENTS, COVENANTS OR REPRESENTATIONS CONTAINED IN THE INDENTURE, SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA. NEITHER SHALL THE SERIES 2010 BONDS NOR THE INTEREST PAYABLE THEREON BE A CHARGE AGAINST OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF

THE SERIES 2010 BONDS SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA OR THE TAXING AUTHORITY, IF ANY, OF THE ISSUER OR THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. ANYTHING TO THE CONTRARY IN THE LEASE OR THE SUBLEASE NOTWITHSTANDING, THE LEASE AND THE SUBLEASE ARE CONSIDERED CANCELLED IF THE CITY COUNCIL FAILS TO BUDGET SUFFICIENT FUNDS, AND THE SUBLEASE MAY BE TERMINATED BY THE CITY FOR ANY REASON UPON 30 DAYS' WRITTEN NOTICE OF THE CITY TO THE TRUSTEE, THE CORPORATION AND ISSUER OF ITS INTENTION TO EXERCISE SUCH OPTION. (SEE "THE LEASE AGREEMENT" AND "RISK FACTORS" HEREIN).

Forward-Looking Statements

This Official Statement, and particularly the information contained in the captions "PLAN OF FINANCING" contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "RISK FACTORS."

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

The Series 2010 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are

being provided solely for the convenience of the Owners of the Series 2010 Bonds only at the time of issuance of the Series 2010 Bonds and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2010 Bonds.

TABLE OF CONTENTS

Page

Introduction 1
The Charleston Building Commission 3
The Equipment 3
The Clay Center 4
The City 4
The Leases 9
The Trust Indenture 10
The Series 2010 Bonds 12
Security for the Series 2010 Bonds 19
Risk Factors 20
Plan of Financing 22
No Litigation 22
Tax Matters 22
Approval of Legal Proceedings 25
Underwriting 25
Continuing Disclosure 25
Miscellaneous 26

Appendix A - Audited Financial Statements of the City for the Fiscal Year Ended June 30, 2009 ..... A-1
Appendix B - Economic and Demographic Information Regarding Charleston, West Virginia B-1
Appendix C - Form of Continuing Disclosure Certificate C-1
Appendix D - Proposed Form of Bond Counsel Opinion D-1
Appendix E - Principal Documents E-1

OFFICIAL STATEMENT

$2,210,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$50,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

INTRODUCTION

Purpose of this Official Statement

This Official Statement, which includes the cover page and appendices, of the Charleston Building Commission (the "Issuer") is to provide information concerning the Issuer, its $2,210,000* Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds"), and its $50,000* Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") issued and pursuant to a Bond Trust Indenture (the "Indenture") dated as of February 1, 2010, between the Issuer and The Bank of New York Mellon, as Trustee, Registrar and Paying Agent (the "Trustee"). All capitalized terms not defined herein shall have the meanings as provided in the Indenture.

Authority for Issuance

The Series 2010 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), particularly Chapter 8, Article 33, Chapter 8, Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), an Ordinance enacted by the Issuer on January 15, 2010, as supplemented by a Supplemental Parameters Resolution adopted on February 16, 2010 (collectively, the "Ordinance"), and the Indenture.

The Issuer

The Issuer is a public corporation created by the City of Charleston, West Virginia (the "City"), by order entered May 19, 1980, pursuant to Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended, (the "Building Commission Act") (see "CHARLESTON BUILDING COMMISSION" herein). As provided under the Building Commission Act, the Issuer is the issuer of the Series 2010 Bonds and the lessor of the Equipment, pursuant to the Lease.

*Preliminary, subject to change

The Project

The proceeds of the Series 2010 Bonds are being used (1) to currently refund and redeem the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds to be Refunded") and (2) to pay issuance costs of the Series 2010 Bonds. The Bonds to be Refunded were issued to finance the acquisition and installation of certain equipment (the "Equipment," more fully described in "THE EQUIPMENT" herein) for the Clay Center for the Arts and Sciences of West Virginia (the "Clay Center"), which Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract"). The Corporation, in turn, subleased the Equipment to the City of Charleston, West Virginia (the "City") pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center, located in Charleston, West Virginia.

The Leases

The Issuer, as Lessor, will enter into an Agreement and Lease dated as of February 1, 2010 (the "Lease"), with the Corporation, as Lessee. The Lease will supersede the 1999 Lease-Purchase Contract. The Corporation, as Sublessor, and the City, as Sublessee, will supplement and amend the 1999 Sublease with a First Amendment to Equipment Lease, dated as of February 1, 2010 (the "First Amendment" and together with the 1999 Sublease, the "Sublease").

The Lease and Sublease are for terms of __ years. Anything to the contrary in the Lease or the Sublease notwithstanding, the Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds, and the Sublease may be terminated by the City for any reason upon 30 days' written notice of the City to the Trustee, the Corporation and Issuer of its intention to exercise such option. (see "THE LEASE AGREEMENT" and "RISK FACTORS" herein).

Security for the Series 2010 Bonds

The principal and redemption price of and interest on the Series 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under the Indenture, and the pledges thereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and rentals thereunder and any other property or funds pledged under the Indenture.

Bondholder's Risks

Information concerning certain risks relating to future revenues and expenses (especially termination and unbudgeted provisions of the Sublease) is contained under the caption "RISK FACTORS."

THE CHARLESTON BUILDING COMMISSION

The Issuer is the issuer of the Series 2010 Bonds pursuant to the Indenture, the Act and the Ordinance and the owner and lessor of the Equipment pursuant to the Lease.

The Issuer is a public corporation created by the City, by order entered May 19, 1980, pursuant to the Building Commission Act. Among the powers and authorities vested in the Issuer by the Building Commission Act is the plenary power and authority to sue and be sued, contract and be contracted with, acquire, purchase, own and hold any property, real or personal, and acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of any type for which the City is permitted by law to expend public funds, and to issue and sell revenue bonds. The Issuer is authorized to issue the Series 2010 Bonds, to acquire and maintain the Equipment, and to lease the Equipment for public purposes upon such terms as the Issuer deems proper. The Issuer's address is 815 Quarrier Street, Suite 244, Charleston, West Virginia 25301, and its telephone number is (304) 348-6890.

The Building Commission Act provides that the Issuer will be governed by a board consisting of not less than three nor more than five members appointed by the City. No more than two-thirds of the total board membership shall be from the same political party, and no member shall hold office in or be employed by the United States of America, the State or any political subdivision thereof or any political party. Members shall be residents of Charleston. The Issuer's members elect such officers, appoint such committees and agents, and employ and compensate such employees as may be necessary for the conduct of the business of the Issuer. Present members of the Issuer are as follows:

Name	Occupation	Term Expiration
R. Brawley Tracy	Attorney	July 20, 2010
Olivia Singleton	Homemaker	July 20, 2013
Walter Dial	Retired	July 20, 2012
Paula Butterfield	Pharmacist	July 20, 2014
Sandra Thomas	CPA	July 20, 2011

The Issuer's financial condition is not material to an investment in the Series 2010 Bonds and, accordingly, the Issuer's financial condition is not being provided, and the Issuer will not provide continuing disclosure. The City's fiscal year 2009 Audited Financial Statements are attached hereto in Appendix A.

THE EQUIPMENT

The Equipment consists of various items of personal property located and used in conjunction with the activities of the Clay Center. The property includes, but is not limited to, performance equipment, acoustical curtains, theater seats and various furnishings and other equipment.

THE CLAY CENTER

The 240,000 square foot Clay Center opened on July 12, 2003. The Clay Center is located at One Clay Square and bounded by Washington Street, Leon Sullivan Way, Lee Street and Brooks Street in Charleston, West Virginia. The Center houses the performing arts, visual arts and the sciences under one roof – one of the few centers of its kind in the country. The facility is home to both the Avampato Discovery Museum and the West Virginia Symphony Orchestra.

The Clay Center is one of the most ambitious economic, cultural and educational undertakings in West Virginia history. The Clay Center enhances the region's "quality of life" and enriches the lives of all West Virginians.

The Clay Center includes:

Maier Foundation Performance Hall, a 1,883 seat theater with exceptional acoustics and sight lines.

Walker Theater, a black-box theater which can accommodate between 150 – 200 people depending upon the set up.

The state-of-the-art Avampato Discovery Museum featuring:

- Two floors of interactive science exhibits
- An art gallery featuring selections from the Museum's Permanent Collections and travelling exhibitions
- The ElectricSky™ Theater which presents planetarium shows and large format films on its giant domed screen
- Douglas V. Reynolds Intermezzo Café, which offers food for hungry visitors during the day and before selected performances
- BB&T Little Shop of Wonders Gift Shop with items from West Virginia and out-of-state artisans.

The Corporation's financial condition is not material to an investment in the Series 2010 Bonds and, accordingly, the Corporation's financial condition is not being provided, and the Corporation will not provide continuing disclosure. The City's fiscal year 2009 Audited Financial Statements are attached hereto in Appendix A.

THE CITY

City Government Structure

The City is located in southwestern West Virginia and is the county seat of Kanawha County and West Virginia's State Capital. The present charter of the City is a legislative charter

enacted in 1929, which provides for a mayor-council form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and twenty-seven other members. Elected officials are the mayor, city treasurer, municipal judge, and members of the Council consisting of twenty-one (21) Council members elected by ward, plus six (6) Council persons-at-large, all elected to serve concurrent terms on a quadrennial basis. In addition, the City has certain appointed officials including: city manager, city clerk, director of finance, city auditor, public works director, chief of police, city solicitor, chief of fire department, director of mayor's office of economic and community development, and the director of parks, recreation and public grounds. All appointive officers have salaries fixed by the Council.

The mayor is the chief executive officer of the City and presiding officer and a member of the Council with right to vote on all issues. The mayor, without any requirement or confirmation by Council, has the right of appointment and removal of the director of finance, city auditor, public works director, chief of police, director of mayor's office of economic and community development, chief of the fire department, and the director of parks and recreation and public grounds.

The mayor also appoints the city manager by and with the consent of Council. The city manager is the chief business and administrative officer of the City under the supervision and direction of the mayor. The city manager has a number of duties and responsibilities including but not limited to: supervision and immediate care of all real property, securing contracts for labor and supplies, and custodian of all contracts, insurance policies, and papers relating to the business affairs of the City. The city manager makes monthly presentations relating to the above to the Finance Committee of City Council and to the full City Council.

The Council acts as the legislative body for the City and selects one of its members as President Pro-Tempore, to preside in the absence of the mayor. The duties of the Council are primarily carried on through standing and special committees: Finance, Planning, Parks and Recreation, Streets and Traffic, Environmental and Recycling, Urban Renewal, Public Safety, Ordinances and Rules, Council Committee on City Employees, Civil Service Procedures and the Cemetery Committee. The mayor appoints the members of each committee and the committee members select a chairperson to head each committee.

Governmental Services/Departments

The City maintains and operates a number of different departments which offer a wide range of services including public safety, recreation, water and sewer, parking, public works, economic development, administrative, planning, and beautification. An outline of some of these departments is as follows:

Police Department

The City's Police Department expended $15,019,156 for the fiscal year ended June 30, 2009 for both uniform and non-uniform employees. The Police Department has over 211 uniform and non-uniform employees who are utilized for the preservation of life and property, maintenance of public peace, traffic control, education, and prevention of crime.

Fire Department

The City's Fire Department expended $15,618,672 for the fiscal year ended June 30, 2009 for both uniform and non-uniform employees. The Fire Department has 202 uniform and non-uniform employees which operate out of 9 fire stations throughout the City to help in the preservation of life and property for the citizens of Charleston.

Public Works Department

The City's Public Works Department has over 202 employees whose main duties include snow removal, refuse collection, street paving, litter control, keeping the City clean, reviewing all large projects of construction by the Engineering Department, maintaining the City's vehicles and any other related duties. During the 2009 fiscal year the Public Works Department spent over $13,576,942 to carry-out the duties of the department. This department has Engineering, Public Works (Administrative), Traffic Engineering, Street Department, Equipment Maintenance, and Refuse Collection & Recycling within its general control.

Parks and Recreation

The City operates an extensive Parks and Recreation system and from its general fund contributed $2,493,754 to be used by 33 full-time employees and a number of seasonal employees to maintain and run three community centers, Cato Park, tennis courts, a golf course, public grounds, playgrounds, softball fields, baseball fields and other recreational activities for the citizens of the City.

Accounting Practices

The accounting procedures followed by the City are established pursuant to State statutes under the supervision and direction of the State Tax Commissioner and supervisor of public offices. The City maintains accounts organized on the basis of funds or account groups each of which constitutes a separate entity. Such accounts show the receipt, use and disposition of all public property and the income derived therefrom; all sources of public income and the amounts due and received from each source; all receipts, vouchers and other documents kept or required to be kept as necessary to identify and prove the validity of every transaction; statements and reports made or required to be made for the internal administration of the office to which they pertain; and all details of financial administration of such public affairs. The State Tax Commissioner requires the submission of, from every local governmental entity, including the City, financial reports covering a full period of each fiscal year in accordance with the forms and methods prescribed by the State Tax Commissioner which shall be uniform for all accounts of the same class.

Budget Process

Overview

The fiscal year begins on July 1st and ends on June 30th. A post audit examination is required by the State Auditor at least once a year.

The City is on a fiscal year basis running from July 1st through June 30th of the following year. The budget for each fiscal year must be approved by Council and submitted in final form to the State Tax Department prior to March 28th of each year. The budget is required by Charter to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year, detailed by offices, departments, and agencies. The total of the proposed expenditures may not exceed the total of estimated income. Supplemental appropriations, or a reduction of appropriations, may be made by the Council, upon the recommendation of the mayor, city manager and/or director of finance. No payment can be made except in accordance with appropriations set forth in the budget.

Fiscal Year Budget Process

Each department head throughout the City prepares an anticipated expense budget by November of each year to be submitted to the mayor, city manager and director of finance, who then take these individual drafts and develop an overall first draft of the City's expense budget. The first draft of the expenses are then compared to the overall estimated revenues, prepared by the city manager and director of finance, to see if any changes need to be made to the overall expenses submitted by the individual department heads. Any overall overage between the expense budgets presented and the projected revenues are dealt with by talking one-on-one with each department head to determine what can be changed to balance the budget.

The city manager and director of finance then submit a final draft budget to the mayor for his/her review and comments. After this is completed, the mayor submits to the Finance Committee of Council the proposed budget. Finance Committee then holds a number of meetings starting in January of each year to answer any questions regarding the budget. A final motion meeting is held, usually by mid-February, for the Finance Committee to make any changes to the proposed budget. A final vote by the Finance Committee is taken at the end of this motion meeting.

Once all changes have been made to the budget from the motion meeting held by the Finance Committee, a special full Council meeting is held to vote on the final version of the budget. At this meeting, any one can make a motion on the floor of Council to make changes to the budget submitted by the mayor and approved by the Finance Committee (with their recommended changes). After all motions or amendments have been made and voted on, full Council then votes on the budget before them with any amendments that may have previously passed. Once the final vote is completed, the city manager and the director finance prepare the budget as voted on and submit the balanced budget to the Department of Tax and Revenue.

General Fund

Overview

The financial operations of the City are conducted primarily through its General Fund. All invoices/requisitions paid by the City are taken from the General Fund (other than Grant Funds set up by various agencies and Mayor's Office of Economic Development Funds).

The Office of the City Collector collects and receives all taxes, fees, assessments and other charges or debts due the City. The Office of the City Collector records the receipts daily

and posts them to the account specified. The Office of City Collector sends the funds received to the Treasurer's office. The Treasurer's office makes daily deposits and reports to Council on a monthly basis the status of the City's accounts.

Pursuant to the City charter, no expenditures over the amount approved during the budgeting process can be expended without a budget amendment first approved by Finance Committee and then by full Council.

Sources of Revenues Deposited into General Fund

A brief description of certain general fund revenue sources follows:

Business and Occupation Tax ("B&O Tax") -

The largest source of revenue for the City is the B & O tax. The tax is determined by applying different rates against an annual base which is generated in the classifications of business activity or activities in which the taxpayer is engaged. This base may consist of the value of products, the gross proceeds of sales, or the gross income of the business. The B & O tax is a categorized tax; that is to say the law provides business classifications in which defined business activities are taxed at specific rates which may differ from the rates assigned to other specifically described forms of business activity. The City's B & O tax rates per $100 range from $.15 for wholesalers to a high of $4.00 for water companies and sales and demand charges (electric power). The B & O tax collected for the fiscal year ended June 30, 2009 was $39,440,503.

Property Tax -

The second largest source of funds for the City is an annual ad valorem tax levied on the assessed value of real, personal and public utility property located within the City assessed as of the previous July 1. The ratio of the assessed valuation to true valuation is 60%. Total receipts from this source totaled $9,200,606 for the fiscal year ended June 30, 2009.

Other Revenues -

The primary source of other revenues to the General Fund include utility tax, hotel occupancy tax, police fines, fire protection fees, ambulance levy, ambulance fee, interest and transfers from grants and other funds as well as reimbursements from other parties. Total receipts from these sources totaled $22,547,089 for the fiscal year ended June 30, 2009.

Expenditures from the General Fund

All invoices and/or requisitions over $2,000 must be submitted to the Finance Committee for approval before they are paid. Once approved, the city manager then approves the invoice/requisition. Invoices/requisitions under $2,000 must be approved by the city manager and are processed through the city manager's office. The largest specific categories from which expenditures are deducted from the General Fund are those of salaries and wages, medical and life insurance, retirement, contributions to pension plans, dental/optical insurance, utilities, maintenance and repairs, insurance-workers compensation, contracted services, capital outlays, contributions to others and materials and supplies.

Insurance

The City is insured under an Insurance Policy issued by Commercial Insurance Services. Under this coverage the City is insured for the following:

- Comprehensive General Liability Insurance
- Personal Liability Insurance
- Professional Liability Insurance
- Stop Gap Liability Insurance
- Wrongful Act Liability Insurance
- Comprehensive Auto Liability Insurance
- Auto Physical Damage Insurance
- Law Enforcement Insurance
- Property Insurance

The limit of liability under the coverage is $1,000,000 for each occurrence for all coverages combined. Deductibles include $25,000 for Property Insurance and $50,000 on all Liability Insurance.

See Appendix A – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009," herein.

For general information regarding Charleston, see Appendix B – "ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING CHARLESTON, WEST VIRGINIA," herein.

THE LEASES

The Equipment will be owned by the Issuer and leased to the Corporation pursuant to the Lease. The Corporation, in turn, will sublease the Equipment to the City pursuant to the Sublease for use at the Clay Center. Accordingly, the source of payment of rent under the Sublease and, in turn, the Lease is from the City.

The Lease and Sublease are for terms of __ years. The Sublease provides the City with the right of cancellation without further obligations on the part of the City, upon giving 30 days' written notice to the Corporation, the Issuer and the Trustee, prior to the last day of the succeeding month. The Sublease is also subject to annual budgets adopted by the City. The City has agreed to include in its annual budget sufficient funds to fulfill its obligations under the Sublease; however, such agreement is not binding past the current fiscal year. However, both the

Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds.

The foregoing summary does not purport to be a full statement of the terms, conditions and provisions of the Lease and the Sublease, and accordingly is qualified by reference thereto and is subject to the full text thereof. See Appendix E – "PRINCIPAL DOCUMENTS," herein.

THE TRUST INDENTURE

The Series 2010 Bonds are issued pursuant to the Indenture between the Issuer and the Trustee, dated as of February 1, 2010. Pursuant to the Indenture, the Issuer grants to the Trustee, for the benefit of the registered owners of the Series 2010 Bonds, a security interest in the Equipment and all of its right, title and interest in and to rentals to be received under the Lease, including the collateral assignment to it of the Sublease and the rentals under the Sublease, and certain other properties.

Funds and Account Under the Indenture

The Indenture creates the following funds and account: Bond Fund, Cost of Issuance Account and Rebate Fund.

Bond Fund

The following monies shall be deposited into the Bond Fund (a) all amounts derived from, or in connection with, the Lease, (b) all interest and other income received on investments in the Bond Fund, (c) any amount remaining in the Escrow Fund after the Bonds to be Refunded have been finally discharged and all fees and expenses in connection therewith have been paid; (d) any amount required to be paid pursuant to Section 8.08 of the Indenture, and (e) all other moneys received by the Trustee with respect to the Series 2010 Bonds unless otherwise provided in the Indenture.

Except as provided in Section 5.03 and in Section 5.06 of the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Series 2010 Bonds, and Trustee's fees and expenses with regard to the Series 2010 Bonds, either at maturity or redemption prior to maturity.

Costs of Issuance Account

The proceeds of the Series 2010 Bonds deposited in the Costs of Issuance Account shall be used and withdrawn by the Trustee only for the payment of Costs of Issuance. No amount in any other fund or account created by the Indenture shall be expended for Costs of Issuance. The Trustee is authorized and directed to make disbursements from the Costs of Issuance Account upon the written direction of an Authorized Representative for the payment of Costs of Issuance, in the amounts stated to be due and payable in the Authorized Representative certificate which shall be filed with the Trustee from time to time, together with such other documentation as may be required under the Indenture, certifying that such amounts may be properly paid.

Rebate Fund

Except to the extent a proper exemption from arbitrage rebate is applicable, upon completion of each annual rebate calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which sum may be paid from investment earnings on the underlying fund or account on which such rebatable arbitrage was earned or from other lawfully available sources.

Supplemental Indentures

The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as shall not be materially inconsistent with the terms and provisions thereof, for any one or more of the following purposes:

(A) To cure any ambiguity or formal defect or omission in the Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(C) To subject to the lien and pledge of the Indenture additional revenues, properties or collateral;

(D) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(E) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended; and

(F) To make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended, (the "Code") relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Series 2010A Bonds.

The Holders of not less than 66 2/3% in aggregate principal amount of the Series 2010 Bonds then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in Section 10.01 of the Indenture shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of

the Holder of such Bonds, or (b) a reduction in the amount or extension of the time of any payment required herein, or (c) the creation of any lien (other than any Permitted Encumbrances) upon the Equipment, without the consent of the Holders of 100% in aggregate principal amount of the Series 2010 Bonds at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Series 2010 Bonds at the time outstanding which would be affected by the action to be taken, or (e) modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee.

A supplemental indenture which adversely affects the respective rights of the Corporation under the Lease and while the Corporation is not in default under the Lease or the Indenture or of the City under the Sublease and while the City is not in default under the Sublease or the Indenture shall not become effective unless and until the Corporation and the City, as the case may be, shall have consented in writing to the execution and delivery of such supplemental indenture.

This summary does not purport to be a full statement of the terms, provisions and covenants of the Indenture, and accordingly, is qualified by reference thereto and is subject to the full text thereof. See Appendix E – "PRINCIPAL DOCUMENTS," herein.

THE SERIES 2010 BONDS

Description

The aggregate principal amount of the Series 2010A Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by the Indenture is limited to $2,210,000*, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with AR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

The Series 2010A Bonds shall be issued in one series, designated "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)," in the aggregate principal amount of $2,210,000*.

The Series 2010A Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1 of each of the years, and shall bear interest, payable on June and December of each year, beginning June, 2010, at the rates, all as set forth below.

Maturity Date	Amount	Interest Rate

*Preliminary, subject to change

The aggregate principal amount of the Series 2010B Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by the Indenture is limited to $50,000*, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with BR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

The Series 2010B Bonds shall be issued in one series, designated "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)," in the aggregate principal amount of $50,000*.

The Series 2010B Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1, 2010, and shall bear interest at the rate of ____% per annum, payable on June 1, 2010.

Book-Entry Only System

The information in this section has been obtained from sources that the Issuer and the Underwriter believe to be reliable, but none of the Issuer, the City or the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

*Preliminary, subject to change

DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

THE INFORMATION PROVIDED IMMEDIATELY ABOVE UNDER THIS HEADING HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE CITY OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

As provided in the Indenture, the Series 2010 Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in Section 2.12 of the Indenture. One Bond of each maturity shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be

maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Series 2010 Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2010 Bonds. Beneficial ownership interests in the Series 2010 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Series 2010 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2010 BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE SERIES 2010 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE INDENTURE.

Payments of principal, interest and redemption premium, if any, with respect to the Series 2010 Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Series 2010 Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Authority Letter of Representation that has been executed and delivered by the Issuer to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer, the City and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Series 2010 Bonds or (ii) the Issuer or the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Series 2010 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2010 Bonds, the Trustee shall, at the request of the Issuer or the City, discontinue the book-entry system with DTC. If the Issuer or the City, as applicable, fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

In the event that a book-entry system of evidence and transfer of ownership of the Series 2010 Bonds is discontinued pursuant to the provisions of the Indenture, the Series 2010 Bonds shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "AR" and "BR," respectively, and numbered separately from "1" upward, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE ISSUER, THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE SERIES 2010 BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2010 BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE SERIES 2010 BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THE INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

Optional Redemption*

The Series 2010 Bonds maturing on and after _____, 20__, shall be subject to optional redemption by the Issuer, upon direction of the City, prior to their stated maturities on or after _____, 20__, at the redemption price of par plus interest accrued thereon to the date set for redemption.

Sinking Fund Redemption*

The Series 2010 Bonds maturing on _____, 20__, _____, 20__, _____, 20__, and _____, 20__, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds maturing _____ 1, 20__

Date (_____)	Principal Amount

Bonds maturing _____ 1, 20__

Date (_____)	Principal Amount

*Preliminary, subject to change

Bonds maturing _____ 1, 20__

Date (_____)	Principal Amount

Bonds maturing _____ 1, 20__

Date (_____)	Principal Amount

If less than all the Series 2010 Bonds are to be redeemed, the Series 2010 Bonds to be redeemed shall be identified by reference to the CUSIP numbers and Maturity Dates.

Extraordinary Redemption

The Series 2010 Bonds shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first _____ or _____ that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease, the Sublease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use of all or a significant part of the Equipment shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2010 Bonds or portions thereof to be redeemed, shall also be given by the Trustee, on behalf of the Issuer, by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to such Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

Notice of redemption having been given in the manner hereinabove provided for, the principal amount of the Series 2010 Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Series 2010 Bonds, upon presentation and surrender of the Series 2010 Bonds at the office of the Trustee, the Series 2010 Bonds shall be paid at the redemption price aforesaid.

Cost of Redemption

In the event of any redemption of the Series 2010 Bonds, whether extraordinary or optional, there shall be paid by the Issuer, solely from funds provided by the City, in addition to the redemption price, all reasonable costs, fees and expenses of the Trustee and the Issuer in connection with such redemption.

See Appendix E – "PRINCIPAL DOCUMENTS," herein.

SECURITY FOR THE SERIES 2010 BONDS

Sources of Payment

The Series 2010 Bonds are payable from rents and revenues of the Issuer received pursuant to the Lease and the Sublease, which rents and revenues are assigned by the Issuer to the Trustee pursuant to the Indenture. The Series 2010 Bonds are special, limited obligations of the Issuer and do not constitute a debt of the Issuer, the City or the State within the meaning of any constitutional or statutory limitations, nor do the Series 2010 Bonds constitute a liability of or a lien or charge upon the funds or property of the Issuer other than the Equipment and such rentals.

Pledge of Revenues

Pursuant to the Indenture, the Issuer is obligated to make payments in amounts at least equal to the principal of and interest due on the Series 2010 Bonds, but only to the extent sufficient moneys are received for this purpose pursuant to the Lease and Sublease. The Series 2010 Bonds are secured by a first lien on and security interest in the Issuer's receipts, revenues, income and other money received pursuant to the Lease and the Sublease. Rental payments payable under the Sublease have been assigned to the Trustee for payment of principal of and interest on the Series 2010 Bonds and are not subject to counterclaim or setoff by creditors of the Issuer, the Corporation or the City.

Lien on Equipment

Pursuant to the Indenture, the Series 2010 Bonds are additionally secured by a first lien upon all rights, title and interests of the Issuer in and to the Equipment.

RISK FACTORS

General

The Series 2010 Bonds are payable principally from lease payments to be received by the Issuer pursuant to the Lease and the Sublease. The Lease payments to be made by the Corporation to the Issuer are dependent upon the payments made by the City under the Sublease.

Cancellation of Sublease

The Equipment will be owned by the Issuer and leased to the Corporation pursuant to the Lease. The Corporation, in turn, will sublease the Equipment to the City pursuant to the Sublease for use at the Clay Center. The rentals provided by the Lease and Sublease are required to be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2010 Bonds.

Anything to the contrary in the Lease or the Sublease notwithstanding, the Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds, and the Sublease may be terminated by the City for any reason upon 30 days' written notice of the City to the Trustee, the Corporation and Issuer of its intention to exercise such option. In the event of such cancellation, it is unlikely that the Issuer will be able to pay the remaining principal of or interest on the Series 2010 Bonds.

Unbudgeted Lease Payments

The City's obligation to pay rentals under the Sublease is a current expense of the City payable from funds of the City budgeted or otherwise collected or made available therefor. There is no dedicated repayment source of City revenues for the Series 2010 Bonds. It is neither a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon the funds of the City, beyond the fiscal year for which the City has budgeted funds to make lease payments and is subject to termination in the event insufficient funds are budgeted in any fiscal year for such purpose.

Fiscal Impact of Unfunded Pension Liabilities

As of July 1, 2007, the date of the most recent actuarial valuations of the City's Policemen's Pension and Relief Fund (the "Policemen's Plan") the total unfunded liability for the Policemen's Plan was $80,169,377. As of July 1, 2008, the date of the most recent actuarial valuations of the City's Firemen's Pension and Relief Fund (the "Firemen's Plan" and together with the Policemen's Plan the "Pension Plans"), the total unfunded liability of the Firemen's Plan was $88,886,000. The total unfunded liability of the Pension Plans was $169,055,377.

The City funds the pension in accordance with an alternative funding allowed by West Virginia State statute which will keep the Pension Plans solvent and improve the funding ratio; however, the unfunded liability continues to increase rapidly. The funding of Pension Plans is

expected to continue to increase significantly. Unless relief is provided to the City or additional funding mechanisms are approved by the State Legislature, these increased funding requirements along with other financial obligations of the City may provide the City with adverse fiscal and budgetary problems.

Fiscal Impact of Other Post Employment Benefits

As required by the Government Accounting Standards Board (GASB) in its Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," the City has determined that the accrued actuarial liability associated with Other Post Employment Benefits (OPEB) as reported in the fiscal year 2008 Audited Financial Statements was $129,751,934 as of June 30, 2008. The valuation was actuarially determined in accordance with the parameters of GASB No. 45. The City provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Charleston's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund.

At the present time, the City is not prefunding its obligation. During fiscal year 2008, the City incurred an Annual Required Contribution of $9,633,041, while making an actual contribution of $3,058,157, resulting in a balance sheet liability of $6,574,884. The funding of OPEB is expected to continue to increase and may provide the City with adverse fiscal and budgetary problems.

Market for the Series 2010 Bonds

There can be no assurance that a secondary market for the Series 2010 Bonds will develop or, if developed, that such a market could be sustained. The Underwriter assumes no obligation to establish or maintain such a market and is not obligated to repurchase any of the Series 2010 Bonds at the request of the owner thereof. No rating has been assigned to the Series 2010 Bonds, and the absence of a rating could adversely affect the ability of an owner to sell Bonds or the price received upon such sale.

Difficulty Selling Equipment

The Series 2010 Bonds are additionally secured by a first lien upon all rights, title and interests of the Issuer in and to the Equipment. Due to the nature of the Equipment, there can be no assurance that the Equipment could be easily repossessed for sale or that a ready market exists for the Equipment in the event such lien is exercised.

Other

The City's willingness or ability to continue the term of the Sublease may be affected adversely by fiscal and budgetary problems that affect the City. For additional information regarding the City's financial status, see Appendix A – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009," herein.

PLAN OF FINANCING

Proceeds of the Series 2010 Bonds, along with other funds, will be used to currently refund and redeem the entire outstanding principal balance, at a redemption price of 102%, and all accrued interest on the Bonds to be Refunded; and to pay certain costs of issuance of the Series 2010 Bonds and related costs. The estimated sources and uses of funds are as follows:

SOURCES:

Bond Proceeds	$	_____
Transfer from Existing Funds		_____
TOTAL:	$	_____

USES:

Deposit with Escrow Agent	$	_____
Underwriter's Discount		_____
Cost of Issuance Costs		_____
TOTAL:	$	_____

NO LITIGATION

There is no litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2010 Bonds or receipt by the Issuer of the Lease payments or in any way contesting or affecting the validity of the Series 2010 Bonds, the Lease, the Sublease, the Indenture or any proceedings of the Issuer or the City taken with respect to the issuance or sale of the Series 2010 Bonds, the pledge or application of any moneys or security provided for the payment of the Series 2010 Bonds pursuant to the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2010 Bonds, receipt of the Lease payments or such pledge or application of moneys and securities.

TAX MATTERS

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, and subject to compliance by the City, the Corporation and the Issuer with certain conditions, representations and certifications, the interest on the Series 2010A Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion of Bond Counsel set forth in the first sentence above is subject to the condition that the City, the Corporation and the Issuer comply, on a continuing basis, with all covenants and representations relating to federal income tax matters set forth in the Indenture, the Lease, the Sublease, the Tax Certificate and related agreements. In the opinion of Bond Counsel, failure to comply with such covenants and representations could cause the interest on the Series 2010A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2010A Bonds.

In the opinion of Bond Counsel, interest on the Series 2010B Bonds is includable in gross income for federal income tax purposes.

In the opinion of Bond Counsel, under the Act, the Series 2010 Bonds and the interest thereon are exempt from taxation by the State of West Virginia.

The Series 2010A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Code Section 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2010A Bonds.

Please be advised that, except as set forth above, Bond Counsel's opinion does not address, and Bond Counsel expresses no opinion with respect to, certain collateral federal income tax consequences that may result from the ownership of tax-exempt obligations, including the Series 2010A Bonds, by certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits and other taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers of the Series 2010A Bonds should consult their own tax advisors as to such consequences.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

As referenced above, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2010A Bonds. The Issuer, the Corporation and the City have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2010A Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2010A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2010A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2010A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2010A Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series 2010A Bonds. Prospective purchasers of Series 2010A Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture, the Lease, the Sublease, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2010A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2010A Bond or the interest

thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Jackson Kelly PLLC.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the Series 2010A Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010A Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2010A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or not exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2010A Bonds. Prospective purchasers of the Series 2010A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2010A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, the Corporation or the City, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer, the Corporation and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the Series 2010 Bonds ends with the issuance and delivery of the Bonds to the Underwriter, and unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Corporation, the City or the beneficial owners regarding the tax-exempt status of the Series 2010A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the City and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2010A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market

price for, or the marketability of, the Bonds, and may cause the Issuer, the City or the beneficial owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, sale and issuance of the Series 2010 Bonds are subject to the unqualified approving opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel, attached hereto as Appendix D. Certain legal matters will be passed upon for the Issuer by its counsel, Steven F. White, PLLC, Charleston, West Virginia, for the City by its counsel, Paul Ellis, Esq., Charleston, West Virginia, and for the Underwriter by its counsel, Steptoe & Johnson PLLC, Charleston, West Virginia.

UNDERWRITING

Crews & Associates, Inc., as Underwriter, is purchasing the Series 2010 Bonds. For a description of the compensation and expense allowances to be paid to the Underwriter, see "Plan of Financing". The Purchase Contract provides that the Underwriter will purchase all the Series 2010 Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell the Series 2010 Bonds to certain dealers (including dealers depositing the Series 2010 Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

CONTINUING DISCLOSURE

The City has agreed to an undertaking for the benefit of the Registered Owners of the Series 2010 Bonds to provide certain financial and operating information (the "Annual Information") not later than one hundred eighty (180) days following the end of its fiscal year, commencing with its fiscal year ended June 30, 2010, and to provide the Annual Information to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Markets Access ("EMMA") System and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events to MSRB through the EMMA System and to any State Depository. This obligation shall be evidenced by the Continuing Disclosure Certificate by the City, the form of which is attached hereto as Appendix C.

This continuing disclosure obligation is being undertaken by the City to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. The City has agreed to give notice in a timely manner to MSRB through the EMMA System, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2010 Bonds. Registered Owners may contact the Treasurer of the City at 501 Virginia Street, East, Room 203, Charleston, West Virginia 25301, (304) 348-8029 for more information.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2010 Bonds, the security for the payment of the Series 2010 Bonds and the rights of the registered owners thereof. The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and the City since the date hereof.

CHARLESTON BUILDING COMMISSION

By:_____
Chairman

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Charleston
Charleston, West Virginia 25301

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charleston Sanitary Board and the Charleston Urban Renewal Authority, which represents ninety-nine percent, ninety-seven percent, and ninety-one percent, respectively of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Charleston Sanitary Board and the Charleston Urban Renewal Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

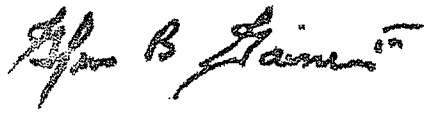
As discussed in Note I.D.9, the City implemented the provisions of Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 28 and the Schedule of Funding Progress on page 88 are not required parts of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

December 22, 2009

This section of the City of Charleston's Comprehensive Annual Financial Report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and the City's financial statements, which follow this section.

Financial Highlights

The assets of the City of Charleston exceeded its liabilities at the close of the fiscal year by $47,567,651 (*net assets*). Net assets primarily consists of the governments investment in capital assets (179 percent).

The City of Charleston's total net assets decreased over the course of this year's operations by $10,768,295. This decrease is primarily attributable to an increase in long-term obligations for pensions ($10,954,662) and other postemployment benefits ($6,574,884). These increases were offset to a certain extent with a decrease in general liability insurance and workers' comp claims ($368,324) and the reduction of outstanding debt which exceeded additional capital leases issued ($1,575,004).

At the close of the fiscal year the governmental funds, including General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds, had combined ending fund balances of $37,289,136, an increase of $3,270,031 in comparison with prior year. This increase is attributed to an overall increase in revenues of four percent which exceeded the total three percent increase in expenditures. Total capital outlay expenditures increased thirty percent in comparison to prior year.

General Fund unreserved fund balance at the end of the fiscal year was $16,752,131 which equates to 22 percent of total General fund expenditures and 73 percent of total fund balance.

The City of Charleston's total debt decreased $2,709,713 (8 percent). There has not been any new bond issuance since 2005 and payments of principal on all debt exceeded capital lease additions in the amount of $1,575,004.

Overview of the Financial Statements

This annual report consists of four parts-*management's discussion and analysis* (this section), the *basic financial statements, required supplementary information,* and *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government reporting the City's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the Civic Center and Parking System.

Fiduciary fund statements provide information about the financial relationships, like the public safety employees retirement plan, in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain select information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that presents pension plans and other postemployment benefits schedules of funding progress.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, additional nonfinancial factors such as changes in the City's tax base and the condition of the City's roads must be considered.

The government-wide financial statements of the City are divided into three categories:

Governmental activities - Most of the City's basic services are included here, such as public safety, street maintenance, culture and recreation, and general administration. Business and occupation taxes, property taxes, and other taxes, charges for services, such as licenses, permits, inspection and refuse fees, and grants finance most of these activities.

Business-type activities - These are self-contained enterprise activities that are segregated from the general governmental activities. Revenues from fees derived from these services are not used to support other governmental activities, but remain entirely within the enterprise. The City's Civic Center and Parking System are included here.

Component units - The City includes four other entities in its report: The City of Charleston Sanitary Board, Charleston Urban Renewal Authority, Charleston Convention and Visitor's Bureau, and Charleston Building Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 30 through 33 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for a particular purpose (like the City Service Fee Project Fund) or to show it is properly using certain grants (like aid from the U.S. Department of Housing and Urban Development).

The City has three types of funds:

Governmental funds -most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view as to whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found on pages 35 through 44 of this report.

Proprietary funds -Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The government's policy is to establish fees designed to recover the cost of providing the services. In addition, the Parking System is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Consequently, GAAP requires the Civic Center and Parking System be reported as Enterprise Funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

The basic Proprietary Fund financial statements can be found on pages 46 through 50 of this report.

Fiduciary funds -The City is the trustee, or fiduciary, for its employees' pension plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The basic Fiduciary Fund financial statements can be found on pages 52 and 53 of this report.

Financial Analysis of the City as a Whole

Net Assets. The City's combined net assets reflect an eighteen percent decrease between fiscal years 2009 and 2008. This is primarily attributable to increases in long-term obligations for pensions and other postemployment benefits. Revenues remained stable and actually increased three percent during the fiscal year due in part to more aggressive collection procedures for the City's largest own-source revenue, business and occupation taxes, and other charges for services. Other taxes increased or decreased minimally. Revenues are predicted to remain stable basically linked to the economy and inflation each year, however, expenses are expected to rise accordingly.

Although the net assets of our business-type activities increased to $13,928,698 (4 percent), these resources cannot be used to reduce the net asset deficit in governmental activities.

CITY OF CHARLESTON'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 46,252,468	$ 42,675,577	$ 3,565,073	$ 3,271,848	$ 49,817,541	$ 45,947,425
Capital assets	88,305,513	87,702,182	24,752,611	25,426,098	113,058,124	113,128,280
Total assets	134,557,981	130,377,759	28,317,684	28,697,946	162,875,665	159,075,705
Long-term liabilities outstanding	83,278,726	68,026,411	12,659,108	13,667,361	95,937,834	81,693,772
Other liabilities	17,640,302	17,319,988	1,729,880	1,725,999	19,370,182	19,045,987
Total liabilities	100,919,028	85,346,399	14,388,988	15,393,360	115,308,016	100,739,759
Net Assets:						
Invested in capital assets, net of related debt	74,002,320	69,648,983	10,969,959	10,508,737	84,972,279	80,157,720
Restricted	13,856,864	14,713,465	2,132,493	2,055,937	15,989,357	16,769,402
Unrestricted	(54,220,231)	(39,331,088)	826,246	739,912	(53,393,985)	(38,591,176)
Total net assets	$ 33,638,953	$ 45,031,360	$ 13,928,698	$ 13,304,586	$ 47,567,651	$ 58,335,946

Governmental activities. Governmental activities decreased the City of Charleston's net assets by $11,392,407 thereby accounting for the total decrease in the net assets. This is primarily attributable to increases in long-term obligations for public safety pensions ($10,954,662) and other postemployment benefits ($6,403,428). The City funds the pension in accordance with an alternative funding allowed by West Virginia State Statute which will keep the fund solvent and improve the funding ratio; however, the unfunded liability continues to increase rapidly. The West Virginia State Legislature introduced a bill during the year to address these increasing unfunded pension liabilities for West Virginia cities; however, the legislation failed. Subsequent to year-end legislation was passed allowing cities to elect closing current pension funds to new hires effective January 1, 2010. New hires would be placed in a new State retirement fund. This is an option the City will address in the next few months. The City funds the other postemployment benefits for retirees on a pay-as-you-go basis; consequently, the initial OPEB obligations significantly decreased net assets.

Revenues increased $3,616,712 (4 percent) over prior year. Primarily attributable to an increase in the City's largest own source revenue, business and occupation tax, in the amount of $3,025,216 (8 percent) and charges for services in the amount of $800,783 (4 percent). These increases were due in part to more aggressive collection techniques. In addition, hotel occupancy tax increased $212,035 (8 percent) attributable to the City of Charleston Convention & Business Bureau's continued aggressive efforts and success in booking city-wide events for the past three years. Utility taxes increased $468,450 (20 percent) due to rate changes imposed by various utilities, changes in consumption of utilities, and new wireless communication providers in the area. Property taxes received from Kanawha County increased $186,346 (1 percent) over prior year.

Grant revenues decreased $753,387 (14 percent) primarily attributable to a decrease in HUD grants due to the allocation formula changes, which are based on the total to allocate and the number of entitlement communities, which resulted in a five percent decrease over prior year. In addition, the Fire Department did not receive any equipment grants in the fiscal year 2009, as it did in fiscal 2008, which accounts for a decrease in the approximate amount of $400,000. Due to the economy investment earnings were down $378,487 (48 percent) compared to prior year. Other revenues remained stable with minimal increases or decreases over prior year.

Government-wide statement governmental expenses increased $6,775,328 (7 percent) over prior year. Overall expense increased primarily attributable to other postemployment benefits ($6,403,428) which increased each function's expense over prior year. General government expense decreased six percent from prior year even with increases of two percent, respectively, for healthcare and salaries. However, costs for workers' compensation decreased 24 percent since the City implemented risk management policies a few years ago. Public Safety expense increased $3,866,107 (8 percent) attributed for the most part to retiree cost and pension liability. Streets and Transportation increased $2,947,544 (35 percent) attributable for the most part to street maintenance and snow removal costs. Salt prices across the country skyrocketed; however, the City had a fixed price contract for a specific amount of tons and opted to purchase the full contract. The City's inventory is high, therefore, the costs for 2010 should drop significantly. Economic development decreased $971,050 (32 percent) due to a reduction of approximately five percent in HUD allocations and some projects did not begin as scheduled and were not completed.

City of Charleston's Changes in Net Assets

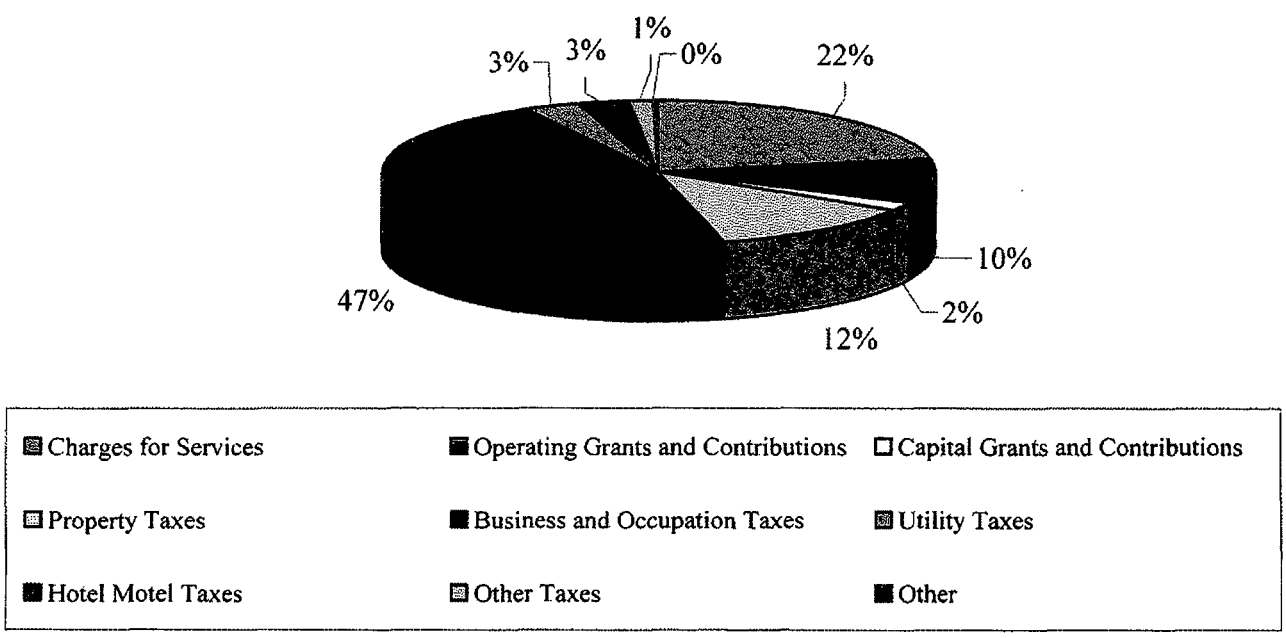
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	$ 19,051,272	$ 18,250,489	$ 6,428,379	$ 6,618,044	$ 25,479,651	$ 24,868,533
Operating Grants and Contributions	8,572,211	9,541,628	-	-	8,572,211	9,541,628
Capital Grants and Contributions	1,509,503	1,471,975	48,387	224,125	1,557,890	1,696,100
General Revenues:						
Property Taxes	10,541,473	10,355,037	-	-	10,541,473	10,355,037
Business & Occupation Taxes	39,691,857	36,666,641	-	-	39,691,857	36,666,641
Other Taxes	6,605,869	5,923,045	-	-	6,605,869	5,923,045
Other	319,711	466,369	55,348	157,601	375,059	623,970
Total Revenues	86,291,896	82,675,184	6,532,114	6,999,770	92,824,010	89,674,954
General Government	14,941,103	15,897,074	-	-	14,941,103	15,897,074
Public Safety	52,108,035	48,241,928	-	-	52,108,035	48,241,928
Highways & Streets	11,294,498	8,346,954	-	-	11,294,498	8,346,954
Health & Sanitation	6,091,526	5,207,158	-	-	6,091,526	5,207,158
Economic Development	2,024,572	2,995,622	-	-	2,024,572	2,995,622
Culture & Recreation	7,514,740	6,675,344	-	-	7,514,740	6,675,344
Social Services	850,858	822,953	-	-	850,858	822,953
Interest on Long-Term Debt	920,328	58,003	-	-	920,328	58,003
Civic Center	-	-	4,846,625	4,889,784	4,846,625	4,889,784
Parking System	-	-	3,000,020	3,140,715	3,000,020	3,140,715
Total Expenses	95,745,660	88,245,036	7,846,645	8,030,499	103,592,305	96,275,535

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Increase in Net Assets Before Transfers	$ (9,453,764)	$ (5,569,852)	$ (1,314,531)	$ (1,030,729)	$ (10,768,295)	$ (6,600,581)
Transfers	(1,938,643)	(1,192,468)	1,938,643	1,192,468	-	-
Increase in Net Assets	(11,392,407)	(6,762,320)	624,112	161,739	(10,768,295)	(6,600,581)
Net Assets- beginning	45,031,360	51,793,680	13,304,586	13,142,847	58,335,946	64,936,527
Net Assets- ending	$ 33,638,953	$ 45,031,360	$ 13,928,698	$ 13,304,586	$ 47,567,651	$ 58,335,946

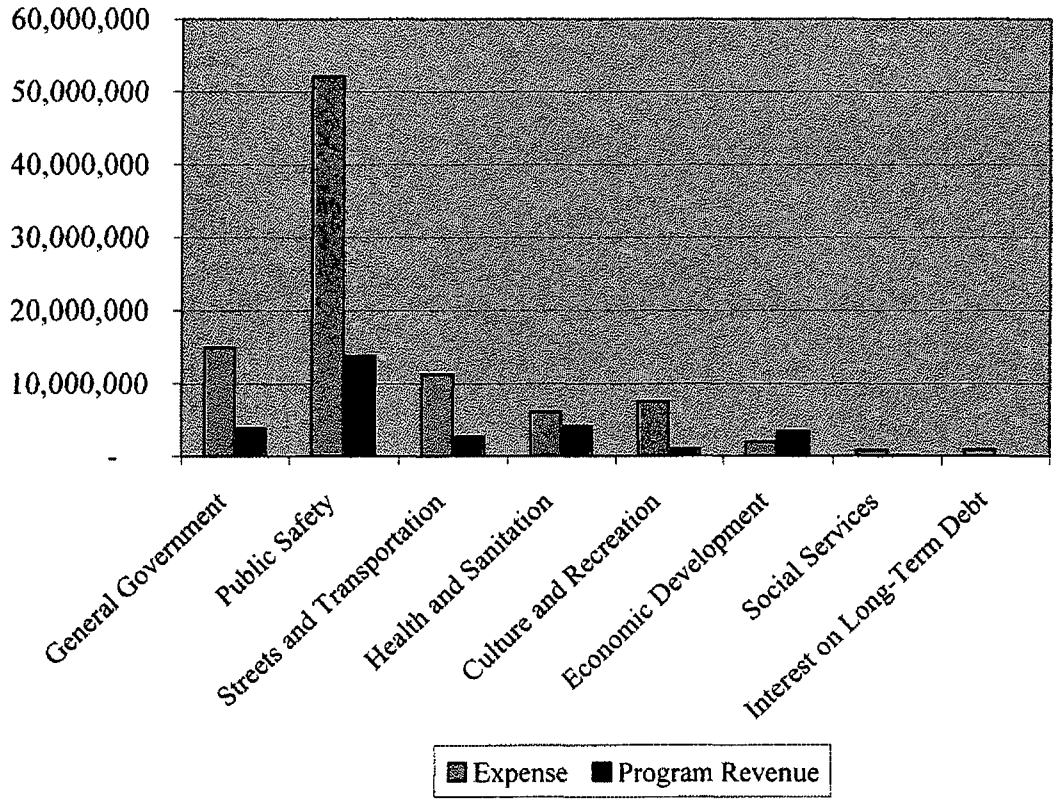
Business-type activities. Total net assets of the City's business-type activities ($13,928,698) increased four percent over prior year. Operating revenues reflected a two percent ($189,655) decrease over prior year. The Civic Center decrease is primarily attributable to fewer shows because the touring concert industry is down due to the downturn in the economy. The number of shows affects other income such as rental, commissions, and catering. The Parking System decrease is also attributable in part to the downturn in the economy resulting in fewer people downtown. Meter revenues and parking violations decreased 8 percent and 18 percent, respectively. The operating expenses for the Civic Center remained comparable to prior year. The Parking System operating expenses decreased four percent from prior year attributable in part to centralized contract arrangements for garage maintenance with the General Fund and the corresponding employee reduction of two.

The Civic Center total net assets decreased $109,979 partially attributable to implementation of GASB 45 which increased liabilities for OPEB in the amount of $82,565 for the 2009 fiscal year. The Parking System net assets increased $734,091 even with decreased operating revenues and the additional liability of $88,891 for OPEB. The decreased operating expense of four percent and reduction of debt interest costs for the past four years due to the 2005 refunding of its debt has significantly impacted the financial stability of the fund.

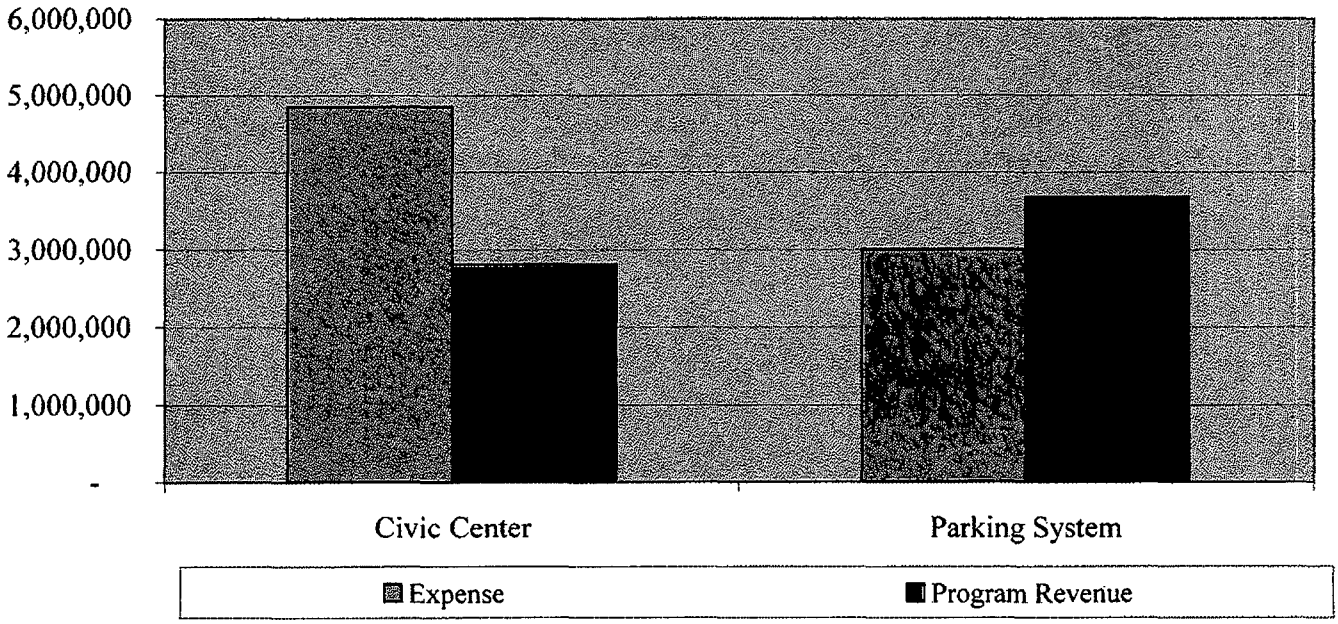
Revenue by Source-Governmental Activities



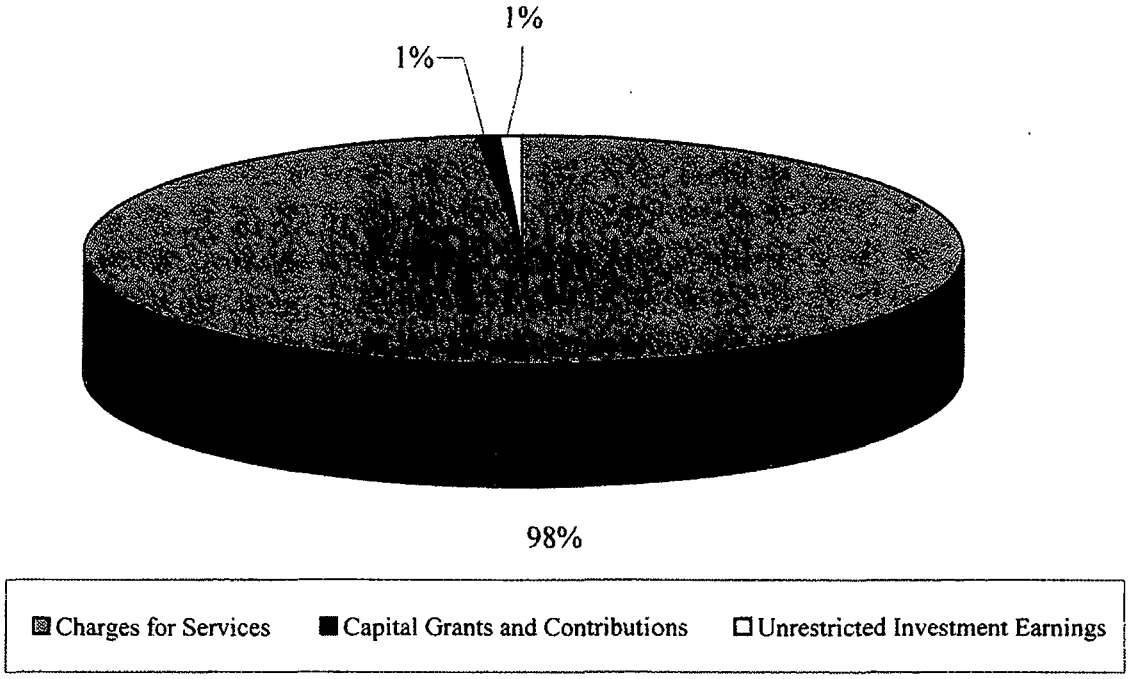
Expenses and Program Revenues-Governmental Activities



Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

The City of Charleston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Charleston's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Charleston's Governmental Funds reported combined ending fund balances of $37,289,136, an increase of $3,270,031 in comparison with the prior year. Approximately 51 percent of this amount ($19,075,881) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year ($4,337,788), 2) to pay debt service ($4,149,019), 3) to generate income to pay for the perpetual care of the municipal cemetery ($1,504,656), or 4) for community development, capital projects or public safety measures ($8,221,792).

The General Fund is the chief operating fund of the City of Charleston. At the end of the current fiscal year, unreserved fund balance of the General Fund was $16,752,131, while total fund balance reached $22,732,814. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23 percent of total General Fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the City of Charleston's General Fund increased significantly by $3,157,881 during the current fiscal year. This is attributable for the most part to significant revenue increases of six percent collectively for taxes and charges for services which were discussed in detail in the section, Financial Analysis of the City as a Whole-Governmental Activities.

Expenditures increased $1,727,805, (2 percent) in comparison to prior year. General government expenditures actually decreased in the amount of $424,339 (2 percent) due to the allocation of retiree costs to the various functions. Public safety costs increased $559,514 (1 percent) primarily attributable to an increase of $439,624 (33 percent) in public safety retiree health care costs and increased capital expenditures of $149,784 (7 percent). Culture and recreation expenditures increased $605,038 (10 percent) due to increased capital expenditures (1.66 percent); increased costs for the ball park utilities and maintenance (45 percent); increased contributions to other entities for cultural and recreational activities (2 percent); and retiree cost allocation (11 percent). Streets and transportation and health and sanitation expenditures increased primarily due to retiree cost allocation in the amount of $473,342 (6 percent) and $359,987 (8 percent), respectively.

The Coal Severance Tax Fund receives coal severance tax distributed from the State of West Virginia collections. These revenues are dedicated to the Civic Center bond debt service. Coal severance increased (29 percent) over the prior year even with the past year's decreasing coal prices; however, mining the coal has continued. The Community Development and HOME Funds are funded totally by HUD federal grants for community development. The grant revenues received were less due to an allocation reduction of approximately five percent.

Proprietary funds. The City of Charleston's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Charleston's business-type Activities.

General Fund Budgetary Highlights

The City periodically revises the budget throughout the year to recognize projects carried over from the previous year, grants, and contributions received for various projects, and to adjust budgets to reflect actual circumstances. Appropriations between the original budget and the final amended budget reflected an increase of ten percent ($7,604,099). The most significant can be briefly summarized as follows:

Legal expenses were increased $1,557,046 to provide a reserve for court costs and damages for general liability claims. The City has adopted the policy of carrying forward of any remaining budgeted funds at year-end to have the additional reserve in place to provide for any unforeseen circumstances.

Engineering remaining budgeted funds for stormwater projects in the amount of $180,791 were carried forward for continuance of the project that was not completed by the 2008 fiscal year-end.

To implement a new salary grade reconfiguration initiative, the amount of $240,328 was budgeted for various department salary increases from remaining fund balance.

The Mayor's contributions to various entities were increased approximately $224,851.

Various sources of funds, including contributions and State grants, were recognized to provide for renovations to the Municipal Auditorium theatrical lighting renovation project in the total amount of $242,809.

Capital projects costs were increased approximately $987,824 to carry over remaining funds for unfinished projects and equipment purchases from prior year.

City Manager professional services remaining budgeted funds in the amount of $393,887 were carried forward for various contracted services that were not completed by the 2008 fiscal year-end. In addition, from remaining fund balance, $560,875 was budgeted to provide for acquisition of a GIS System.

From remaining fund balance the following transfers were budgeted: Health Care Reserve Fund for $500,000 to provide additional funds for any significant increases in health care costs; General Maintenance Fund for $500,000 to provide for engineering infrastructure major improvement projects; and City Facilities Fund for $500,000 to provide for major improvement facility projects.

All amendments were budgeted from available fund balance and increases in various charges for services, grants, insurance proceeds, and contributions. For the fiscal year 2009 General Fund revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

The City's general fund balance of $22,732,814 differs from the general fund's budgetary fund balance of $12,769,277 reported in the budgetary financial statement principally because budgetary fund balance excludes accrual of business and occupation taxes. The total business and occupation tax accrual in the amount of $9,963,537 has not been reappropriated for budgetary purposes, only actual cash collections are budgeted each fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City of Charleston's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to $113,058,124 (net of accumulated depreciation). This investment in capital assets includes land, building and system, machinery and equipment, park and other recreational facilities, roads, bridges and other infrastructure.

Major capital asset events during the current fiscal year included the following:

Several projects were completed during the fiscal year, including City Hall internal renovations in the approximate amount of $609,226; bridge lighting projects in the amount of $473,587; several retaining walls, bridge and road repairs in the amount of $1,261,990; Municipal Auditorium stage lighting system in the amount of $260,438; public safety buildings in the amount of $23,289; and community improvements in the amount of $173,906.

A variety of projects for renovations, landslides, retaining walls, and various small projects were remaining in construction in progress as of the end of the current fiscal year in the amount of $2,631,688.

City of Charleston's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 7,450,037	$ 7,450,037	$ 4,366,447	$ 4,366,447	$ 11,816,484	$ 11,816,484
Construction in Progress	1,810,507	1,301,039	821,181	147,845	2,631,688	1,448,884
Buildings & Improvements	30,565,624	30,537,797	18,456,146	19,869,645	49,021,770	50,407,442
Other Improvements	6,684,614	7,190,264	453,121	480,002	7,137,735	7,670,266
Machinery & Equipment	8,231,329	8,010,595	655,716	562,159	8,887,045	8,572,754
Infrastructure	33,563,402	33,212,450	-	-	33,563,402	33,212,450
Total	$ 88,305,513	$ 87,702,182	$ 24,752,611	$ 25,426,098	$ 113,058,124	$ 113,128,280

Additional information on the City of Charleston's capital assets can be found in Note IV.C. on pages 68 through 70 of this report.

Long-term debt. At the end of the current fiscal year, the City of Charleston had total general obligation bonded debt outstanding of $1,370,000. The full amount is backed by the full faith and credit of the government. The remainder of the City of Charleston's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Charleston's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	$ 1,370,000	$ 2,645,000	$ -	$ -	$ 1,370,000	$ 2,645,000
Revenue Bonds	3,875,679	4,147,126	13,782,652	14,917,361	$ 17,658,331	19,064,487
Total	$ 5,245,679	$ 6,792,126	$ 13,782,652	$ 14,917,361	$ 19,028,331	$ 21,709,487

The City of Charleston General Obligation Bonds maintain an A-1 rating from Moody's .

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Charleston is $140,969,118, which is significantly in excess of the City of Charleston's outstanding general obligation bonds.

Additional information on the City of Charleston's long-term debt can be found in Note IV.F. on pages 72 through 76 of this report.

Economic Factors and Next Year's Budget

Many factors are considered each year by the City Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop fees that are fair, reasonable, and adequately recover costs. Some of the major factors considered in this process are the local economy, labor force, unemployment rate, and inflation rates.

The unemployment rate was at a ten year high during June at 8.1 percent. The average for the past twelve months was 5.2 percent and is currently at 7.4 percent. The last twelve months reflected decreases in the labor market for construction and mining (-0.6 percent), professional and business services (-7.1 percent), information (-7.1 percent); however, an increase was reflected for education and health services (5.0 percent). Other sectors remained stable with minor declines.

The occupancy rate of the government's central business district has remained at 85 to 90 percent for the past several years.

Inflationary trends in the region compare favorably to national indices.

In March 2009, the City of Charleston approved a balanced budget for the fiscal year 2010, with General Fund appropriations of $80,276,070, down by $3,134,889 from the final 2009 budget. The increase to the final budget for 2009 was mostly attributable to reappropriated amounts for unfinished projects from fiscal year 2008.

Requests for Information

This financial report is designed to provide a general overview of the City of Charleston's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Controller (City Auditor), 501 Virginia Street, East, P.O. Box 2749, Charleston, WV 25330.

CITY OF CHARLESTON, WEST VIRGINIA
THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are presented on pages 30 through 33. A brief description of the City's discretely presented component units follows since these component units are presented only on these government-wide statements.

City of Charleston Sanitary Board is composed of a board and is a discretely presented component unit of the City. The Sanitary Board is responsible for governing the activity associated with providing sanitary sewerage services.

Charleston Urban Renewal Authority is composed of a separate board and is a discretely presented component unit of the City. The Authority is responsible for developing commercial property within the City.

City of Charleston Convention and Visitor's Bureau, Inc. was established in 1979 as a nonprofit corporation, is composed of a board and is a discretely presented component unit of the City. The primary purpose of the bureau is to operate a convention and visitors bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences, and conventions.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
ASSETS						
Current assets:						
Cash & cash equivalents	$ 20,093,242	$ 1,115,191	$ 21,208,433	$ 7,732,654	$ 6,301,740	$ 676,254
Investments	1,349,784	--	1,349,784	--	--	--
Receivables:						
Accounts	3,803,163	228,443	4,031,606	986,987	--	226,195
Accrued interest	32,871	--	32,871	--	1,695	--
Taxes	11,691,479	--	11,691,479	--	--	--
Rents	--	--	--	--	1,073	--
Other	--	--	--	5,094	--	--
Loans	5,246,031	--	5,246,031	--	3,239,896	--
Grants	670,614	--	670,614	--	--	--
Internal balances	129,652	(129,652)	--	--	--	--
Due from:						
Component units	53,192	--	53,192	--	--	--
Fiduciary funds	1,151	--	1,151			
Inventories	--	--	--	50,074	--	81
Prepaid insurance and lease	830,761	197,570	1,028,331	268,077	650	3,016
Restricted assets:						
Regular account	--	299,932	299,932	1,833,453	--	--
Reserve account	--	--	--	5,106,191	--	--
Renewal and replacement	--	--	--	4,974,167	--	--
Reserve for bond retirement	--	623,606	623,606	--	--	--
Restricted cash	2,339,959	--	2,339,959	--	--	--
Reserve for construction	--	--	--	1,667,192	--	--
Reserve for health care	--	--	--	1,485,314	--	--
Customer deposits	--	91,088	91,088	--	--	--
Total current assets	46,241,899	2,426,178	48,668,077	24,109,203	9,545,054	905,546
Noncurrent assets						
Restricted:						
Revenue bond covenant accounts	--	1,138,895	1,138,895	--	--	--
Deferred charges	10,569	--	10,569	73,829	--	--
Capital assets not being depreciated:						
Land	7,450,037	4,366,447	11,816,484	1,432,257	7,807,419	--
Construction in progress	1,810,507	821,181	2,631,688	1,480,004	--	--
Capital assets being depreciated:						
Buildings and improvements	59,995,796	64,031,900	124,027,696	29,764,088	39,378	192,320
Vehicles	16,229,017	--	16,229,017	--	--	--
Infrastructure	80,092,181	--	80,092,181	--	--	--
Transmission and distribution	--	--	--	103,620,066	--	--

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
Machinery & equipment	$ 14,616,858	$ 2,059,054	$ 16,675,912	$ 5,937,809	$ 20,754	$ 190,413
Less: accumulated depreciation	(91,888,883)	(46,525,971)	(138,414,854)	(47,235,036)	(21,299)	(227,423)
Total capital assets	88,305,513	24,752,611	113,058,124	94,999,188	7,846,252	155,310
Total noncurrent assets	88,316,082	25,891,506	114,207,588	95,073,017	7,846,252	155,310
Total assets	$ 134,557,981	$ 28,317,684	$ 162,875,665	$ 119,182,220	$ 17,391,306	$ 1,060,856
LIABILITIES						
Current liabilities:						
Current liabilities payable from current assets:						
Accounts payable	1,841,202	122,011	1,963,213	457,774	27,317	122,489
Payroll payable	723,711	44,473	768,184	84,095	2,750	5,107
Other accrued expenses	30,374	3,901	34,275	--	9,232	--
Solicitation bonds payable	24,710	--	24,710	--	--	--
Benefits payable	72,877	10,825	83,702	144,592	7,844	--
Reserve for future insurance claims	655,000	35,000	690,000	--	--	--
Due to:						
Primary government	--	--	--	53,192	--	--
Current liabilities payable from restricted assets:						
Accrued bond interest payable	40,022	94,351	134,373	634,110	--	--
Accrued capital lease interest payable	109,672	--	109,672	--	--	--
Customer deposits	--	53,641	53,641	--	--	--
Deferred revenues:						
Unearned revenue	5,332,327	--	5,332,327	--	67,333	--
Due within one year	8,810,407	1,365,678	10,176,085	2,201,093	11,000	--
Total current liabilities	17,640,302	1,729,880	19,370,182	3,574,856	125,476	127,596
Noncurrent liabilities:						
Due in more than one year	83,278,726	12,659,108	95,937,834	66,477,997	--	--
Total noncurrent liabilities	83,278,726	12,659,108	95,937,834	66,477,997	--	--
Total liabilities	100,919,028	14,388,988	115,308,016	70,052,853	125,476	127,596

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
NET ASSETS						
Invested in capital assets (net of related debt)	$ 74,002,320	$ 10,969,959	$ 84,972,279	$ 27,195,606	$ 7,846,252	$ 155,310
Restricted for:						
Debt service	4,130,416	2,062,433	6,192,849	13,121,385	--	--
Capital projects	5,358,960	70,060	5,429,020	--	--	--
Community development projects	2,473,627	--	2,473,627	--	--	--
Public safety and streets	389,205	--	389,205	--	--	--
Perpetual care:						
Expendable	606,658	--	606,658	--	--	--
Nonexpendable	897,998	--	897,998	--	--	--
Unrestricted	(54,220,231)	826,246	(53,393,985)	8,812,376	9,419,578	777,950
Total net assets	$ 33,638,953	$ 13,928,698	$ 47,567,651	$ 49,129,367	$ 17,265,830	$ 933,260

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Sanitary Board	Component Units: Urban Renewal Authority	Component Units: Convention & Visitor's Bureau
Primary government:										
Governmental activities:										
General government	$ 14,941,103	$ 3,456,574	$ 380,059	$ 31,540	$ (11,072,930)	$ --	$ (11,072,930)	$ --	$ --	$ --
Public safety	52,108,035	8,569,748	4,775,760	440,966	(38,321,561)	--	(38,321,561)	--	--	--
Streets and transportation	11,294,498	2,639,926	--	71,081	(8,583,491)	--	(8,583,491)	--	--	--
Health and sanitation	6,091,526	4,103,198	90,426	--	(1,897,902)	--	(1,897,902)	--	--	--
Culture and recreation	7,514,740	120,618	652,957	271,329	(6,469,836)	--	(6,469,836)	--	--	--
Interest on long-term debt	920,328	--	--	--	(920,328)	--	(920,328)	--	--	--
Social services	850,858	161,208	(45,420)	--	(735,070)	--	(735,070)	--	--	--
Economic development	2,024,572	--	2,718,429	694,587	1,388,444	--	1,388,444	--	--	--
Total governmental activities	95,745,660	19,051,272	8,572,211	1,509,503	(66,612,674)	--	(66,612,674)	--	--	--
Business-type activities:										
Civic Center	4,846,625	2,757,995	--	48,387	--	(2,040,243)	(2,040,243)	--	--	--
Parking System	3,000,020	3,670,384	--	--	--	670,364	670,364	--	--	--
Total business-type activities	7,846,645	6,428,379	--	48,387	--	(1,369,879)	(1,369,879)	--	--	--
Total primary government	$ 103,592,305	$ 25,479,651	$ 8,572,211	$ 1,557,890	(66,612,674)	(1,369,879)	(67,982,553)	--	--	--
Component units:										
Sanitary Board	14,907,244	18,761,969	--	21,147	--	--	--	3,875,872	--	--
Urban Renewal Authority	1,064,890	876,287	--	243,000	--	--	--	--	54,397	--
Convention & Visitor's Bureau	2,406,145	34,537	1,945,312	--	--	--	--	--	--	(426,296)
Total component units	$ 18,378,279	$ 19,672,793	$ 1,945,312	$ 264,147	--	--	--	3,875,872	54,397	(426,296)
General revenues:										
Ad valorem property taxes					10,541,473	--	10,541,473	--	--	--
Business & occupation tax					39,691,857	--	39,691,857	--	--	--
Alcoholic beverages tax					778,890	--	778,890	--	--	--
Utility services tax					2,776,258	--	2,776,258	--	--	--
Hotel occupancy tax					2,779,180	--	2,779,180	--	--	--
Amusement tax					203,751	--	203,751	--	--	--
Other taxes					67,790	--	67,790	--	--	--
Unrestricted investment earnings					151,378	52,842	204,220	194,889	229,475	--
Gain on sale of capital assets					168,333	2,506	170,839	20,000	23,035	--
Miscellaneous					--	--	--	--	--	--
Transfers					(1,938,643)	1,938,643	--	--	--	--
Total general revenues and transfers					55,220,267	1,993,991	57,214,258	214,889	252,510	--
Change in net assets					(11,392,407)	624,112	(10,768,295)	4,090,761	306,907	(426,296)
Net assets - beginning (Restated - Note IV.I.)					45,031,360	13,304,586	58,335,946	45,038,606	16,958,923	1,359,556
Net assets - ending					$ 33,638,953	$ 13,928,698	$ 47,567,651	$ 49,129,367	$ 17,265,830	$ 933,260

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

General Fund This fund is used as the City's operating fund. It accounts for the financial resources and transactions that are not accounted for in other funds. The revenues are from taxes and other general revenues.

Coal Severance Tax Fund This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State of West Virginia requires this fund to be presented separately for budgetary compliance requirements.

Community Development Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities," which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low-and moderate-income people.

HOME Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

Nonmajor governmental funds are presented in aggregate and then by fund type beginning on page 90

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 8,756,027	$ 84,745	$ 3,333	$ 55,693	$ 11,193,444	$ 20,093,242
Investments	--	--	--	--	1,349,784	1,349,784
Receivables:						
Taxes	11,591,438	--	--	--	100,041	11,691,479
Accounts	3,391,877	--	--	--	411,286	3,803,163
Grants	10,505	--	252,541	18,116	389,452	670,614
Loans	--	--	1,578,733	3,390,233	277,065	5,246,031
Accrued interest	24,528	--	1,913	--	6,430	32,871
Due from:						
Other funds	648,939	--	--	--	78,690	727,629
Component units	22,229	--	--	--	30,963	53,192
Prepaid insurance	830,761	--	--	--	--	830,761
Restricted cash	200,176	--	--	--	2,139,783	2,339,959
Total assets	$ 25,476,480	$ 84,745	$ 1,836,520	$ 3,464,042	$ 15,976,938	$ 46,838,725
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	931,924	--	187,127	800	721,351	1,841,202
Payroll payable	723,711	--	--	--	--	723,711
Other accrued expenditures	30,374	--	--	--	--	30,374
Solicitation bonds payable	24,710	--	--	--	--	24,710
Benefits payable	72,877	--	--	--	--	72,877
Reserve for future insurance claims	655,000	--	--	--	--	655,000
Due to:						
Other funds	6,651	--	67,742	17,316	505,118	596,827
Deferred revenues:						
Unearned revenue	66,577	--	1,483,701	3,445,926	336,123	5,332,327
Taxes	231,842	--	--	--	40,719	272,561
Total liabilities	2,743,666	--	1,738,570	3,464,042	1,603,311	9,549,589

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:						
Reserved for:						
Encumbrances	$ 4,337,788	$ --	$ --	$ --	$ --	$ 4,337,788
Perpetual care	--	--	--	--	1,504,656	1,504,656
Debt service	200,176	84,745	--	--	3,864,098	4,149,019
Community development	--	--	97,950	--	2,375,677	2,473,627
Capital projects	1,417,733	--	--	--	3,941,227	5,358,960
Public safety and streets	24,986	--	--	--	364,219	389,205
Unreserved, reported in:						
General fund	16,752,131	--	--	--	--	16,752,131
Special revenue funds	--	--	--	--	2,323,750	2,323,750
Total fund balances	22,732,814	84,745	97,950	--	14,373,627	37,289,136
Total liabilities and fund balances	$ 25,476,480	$ 84,745	$ 1,836,520	$ 3,464,042	$ 15,976,938	$ 46,838,725

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances on the governmental fund's balance sheet	$	37,289,136
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. (Note IV.C.)		88,305,514
Deferral of bond issuance cost which is amortized over the life of the bonds is not reported in the funds. (Note IV.F.)		10,569
Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds. (Note IV.B.)		272,561
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note II.A).		(92,238,827)
Net assets of governmental activities	$	33,638,953

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem property taxes	$ 9,200,605	$ --	$ --	$ --	$ 1,553,256	$ 10,753,861
Business & occupation tax	39,691,857	--	--	--	--	39,691,857
Alcoholic beverages tax	778,890	--	--	--	--	778,890
Utility services tax	2,776,258	--	--	--	--	2,776,258
Hotel occupancy tax	2,779,180	--	--	--	--	2,779,180
Animal tax	6,024	--	--	--	--	6,024
Gas and oil severance tax	61,766	--	--	--	--	61,766
Amusement tax	203,751	--	--	--	--	203,751
Licenses and permits	1,731,941	--	--	--	--	1,731,941
Intergovernmental:						
Federal	96,475	--	2,067,180	716,046	1,717,087	4,596,788
State	3,563,421	263,032	--	--	--	3,826,453
Charges for services	12,025,108	--	--	--	4,116,388	16,141,496
Fines and forfeits	--	--	--	--	1,189,702	1,189,702
Interest and investment earnings	149,552	348	144,302	--	106,296	400,498
Reimbursements	1,184,228	--	5,101	--	50,441	1,239,770
Contributions and donations	651,629	--	--	--	14,311	665,940
Miscellaneous	504,290	--	231	--	9,403	513,924
Total revenues	75,404,975	263,380	2,216,814	716,046	8,756,884	87,358,099
EXPENDITURES						
Current:						
General government	14,427,822	--	--	--	338,406	14,766,228
Public safety	37,532,483	--	--	--	1,318,152	38,850,635
Streets and transportation	8,268,175	--	--	--	1,761	8,269,936
Health and sanitation	4,503,172	--	--	--	1,136,104	5,639,276
Culture and recreation	6,421,350	--	--	--	--	6,421,350
Social services	763,007	--	--	--	32,448	795,455
Economic development	--	--	2,256,673	716,046	644,200	3,616,919
Debt service:						
Principal	466,447	--	--	--	1,415,000	1,881,447
Interest	570,662	--	--	--	349,162	919,824
Capital outlay:						
Highways and streets	--	--	--	--	3,269,518	3,269,518
Total expenditures	72,953,118	--	2,256,673	716,046	8,504,751	84,430,588

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	$ 2,451,857	$ 263,380	$ (39,859)	$ --	$ 252,133	$ 2,927,511
OTHER FINANCING SOURCES (USES)						
Transfers in	3,650,330	--	--	--	3,738,086	7,388,416
Transfers (out)	(5,210,114)	(240,360)	--	--	(3,851,358)	(9,301,832)
Federal Grant Refund	--	--	--	--	(9,872)	(9,872)
Sale of capital assets	104,808	--	--	--	--	104,808
Capital leases	2,161,000	--	--	--	--	2,161,000
Total other financing sources (uses)	706,024	(240,360)	--	--	(123,144)	342,520
Net change in fund balances	3,157,881	23,020	(39,859)	--	128,989	3,270,031
Fund balances - beginning	19,574,933	61,725	137,809	--	14,244,638	34,019,105
Fund balances - ending	$ 22,732,814	$ 84,745	$ 97,950	$ --	$ 14,373,627	$ 37,289,136

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	3,270,031
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note II.B).		664,808
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		(61,475)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (Change in Deferred Taxes).		(212,388)
The issuance of long term debt (e.g, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B).		1,574,500
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Note II.B).		(16,627,883)
Change in net assets of governmental activities	$	(11,392,407)

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Adjustments		Variance With
	Original	Final	Modified Accrual Basis	Budget Basis	Actual Amounts	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Property	$ 8,800,000	$ 8,800,000	$ 9,200,605	$ --	$ 9,200,605	$ 400,605
Business & occupation	36,850,000	36,659,449	39,691,857	(251,355)	39,440,502	2,781,053
Utility	2,280,000	2,280,000	2,776,258	--	2,776,258	496,258
Hotel motel	2,725,000	2,755,000	2,779,180	--	2,779,180	24,180
Alcoholic beverages	600,000	600,000	778,890	--	778,890	178,890
Amusement	175,000	175,000	203,751	--	203,751	28,751
Animal	6,000	6,000	6,024	--	6,024	24
Gas & oil severance	60,000	60,000	61,766	--	61,766	1,766
Licenses and permits	1,612,000	1,612,000	1,731,941	--	1,731,941	119,941
Charges for services	11,867,897	11,229,668	12,025,108	--	12,025,108	795,440
Intergovernmental:						
Federal	80,000	100,000	96,475	--	96,475	(3,525)
State	--	107,415	3,563,421	(3,506,006)	57,415	(50,000)
Interest and investment earnings	400,000	400,000	149,552	--	149,552	(250,448)
Reimbursements	1,321,163	1,326,945	1,184,228	--	1,184,228	(142,717)
Payments in lieu of taxes	7,000	7,000	--	--	--	(7,000)
Contributions and donations	328,000	887,206	651,629	--	651,629	(235,577)
Miscellaneous	449,600	578,478	504,290	--	504,290	(74,188)
Total revenues	67,561,660	67,584,161	75,404,975	(3,757,361)	71,647,614	4,063,453
EXPENDITURES						
General government:						
Mayor's office	475,295	711,648	446,334	--	446,334	265,314
City council	134,720	134,720	119,956	--	119,956	14,764
City manager	3,645,708	4,624,211	3,462,252	--	3,462,252	1,161,959
City treasurer	151,925	152,325	137,423	--	137,423	14,902
City collector	989,461	1,000,349	920,264	--	920,264	80,085
City clerk	159,779	159,779	146,589	--	146,589	13,190
Municipal court	424,630	428,502	395,863	--	395,863	32,639
Legal	1,052,922	2,632,563	778,324	--	778,324	1,854,239
Accounting	506,416	521,345	464,355	--	464,355	56,990
Engineering	1,157,525	1,355,607	709,277	--	709,277	646,330
MOECD	536,590	542,098	515,009	--	515,009	27,089
Human resources	508,517	514,026	451,977	--	451,977	62,049
Contributions to Main Street Program	30,000	30,000	30,000	--	30,000	--
Contribution to Charleston Land Trust	20,000	--	--	--	--	--
Mail room	233,456	233,456	217,997	--	217,997	15,459
Building commission	654,944	727,453	652,251	--	652,251	75,202
Planning	556,315	562,061	518,686	--	518,686	43,375

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Adjustments		Variance With Final Budget
	Original	Final	Modified Accrual Basis	Budget Basis	Actual Amounts	Positive (Negative)
Information systems	$ 724,100	$ 734,383	$ 629,485	$ --	$ 629,485	$ 104,898
Building maintenance	1,669,868	1,976,812	1,891,142	--	1,891,142	85,670
Internal audit	89,673	99,140	90,127	--	90,127	9,013
Morris Square	116,000	129,000	120,827	--	120,827	8,173
Employee health clinic	389,984	389,984	386,650	--	386,650	3,334
Public works	290,057	305,269	284,555	--	284,555	20,714
Public grounds	1,351,493	1,369,147	1,212,949	--	1,212,949	156,198
Contingency	225,050	30,851	--	--	--	30,851
Total general government	16,094,428	19,364,729	14,582,292	--	14,582,292	4,782,437
Public safety:						
Police	15,981,479	15,778,022	16,720,092	(1,700,936)	15,019,156	758,866
Fire	15,836,571	15,799,659	17,423,742	(1,805,070)	15,618,672	180,987
Traffic engineering	1,025,266	1,038,228	1,011,519	--	1,011,519	26,709
C-K emergency services	217,557	219,167	186,597	--	186,597	32,570
Total public safety	33,060,873	32,835,076	35,341,950	(3,506,006)	31,835,944	999,132
Streets and transportation:						
Streets and transportation	4,195,547	4,328,124	4,207,534	--	4,207,534	120,590
Equipment maintenance	2,892,540	2,897,872	2,853,520	--	2,853,520	44,352
Total streets and transportation	7,088,087	7,225,996	7,061,054	--	7,061,054	164,942
Health and sanitation:						
Refuse collection & recycling	3,570,979	3,579,059	3,297,587	--	3,297,587	281,472
Kanawha-Charleston health	100,000	200,000	200,000	--	200,000	--
CARES	45,000	45,000	45,000	--	45,000	--
Total health and sanitation	3,715,979	3,824,059	3,542,587	--	3,542,587	281,472
Culture and recreation:						
Parks and recreation	2,775,146	2,793,533	2,493,754	--	2,493,754	299,779
Convention and visitor's bureau	1,362,500	1,377,500	1,370,708	--	1,370,708	6,792
Cultural/fairs/festivals	283,500	333,500	285,315	--	285,315	48,185
Contribution to Charleston YWCA	25,000	25,000	--	--	--	25,000
Festival Fund for the Arts	95,000	95,000	90,000	--	90,000	5,000
Municipal auditorium	249,149	249,149	221,865	--	221,865	27,284
Charleston Area Alliance	175,000	175,000	175,000	--	175,000	--
Library	875,000	875,000	875,000	--	875,000	--
Appalachian Power Park	387,000	387,000	318,084	--	318,084	68,916
Total culture and recreation	6,227,295	6,310,682	5,829,726	--	5,829,726	480,956
Social services:						
Spring hill cemetery	617,321	622,367	547,884	--	547,884	74,483
Human rights	202,182	207,691	173,189	--	173,189	34,502
Total social services	819,503	830,058	721,073	--	721,073	108,985

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Adjustments		Variance With Final Budget
	Original	Final	Modified Accrual Basis	Budget Basis	Actual Amounts	Positive (Negative)
Capital projects:						
General government	$ 661,551	$ 1,312,088	$ 724,771	$ --	$ 724,771	$ 587,317
Public safety	2,670,465	3,281,585	2,231,383	--	2,231,383	1,050,202
Streets and transportation	766,447	831,030	803,927	--	803,927	27,103
Health and sanitation	584,455	971,100	742,692	--	742,692	228,408
Culture and recreation	148,040	468,141	453,655	--	453,655	14,486
Social services	31,725	31,725	30,996	--	30,996	729
Total capital projects	4,862,683	6,895,669	4,987,424	--	4,987,424	1,908,245
Debt service:						
Principal	466,701	466,447	466,447	--	466,447	--
Interest	410,491	410,745	410,745	--	410,745	--
Bond Service Charges	--	--	9,820	--	9,820	(9,820)
Total debt service	877,192	877,192	887,012	--	887,012	(9,820)
Total expenditures	72,746,040	78,163,461	72,953,118	(3,506,006)	69,447,112	8,716,349
Excess of revenues over (under) expenditures	(5,184,380)	(10,579,300)	2,451,857	(251,355)	2,200,502	12,779,802
OTHER FINANCING SOURCES (USES)						
Transfers in	3,700,000	3,874,809	3,650,330	--	3,650,330	(224,479)
Transfers out	(3,060,820)	(5,247,498)	(5,210,114)	--	(5,210,114)	37,384
Capital lease proceeds	2,195,200	1,939,238	2,161,000	--	2,161,000	221,762
Sale of capital assets	150,000	150,000	104,808	--	104,808	(45,192)
Total other financing sources (uses)	2,984,380	716,549	706,024	--	706,024	(10,525)
Net change in fund balance	(2,200,000)	(9,862,751)	3,157,881	(251,355)	2,906,526	12,769,277
Fund balance-beginning	2,200,000	9,862,751	19,574,933	(9,712,182)	9,862,751	--
Fund balance-ending	$ --	$ --	$ 22,732,814	$ (9,963,537)	$ 12,769,277	$ 12,769,277

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Intergovernmental:				
State	$ 196,000	$ 196,000	$ 263,032	$ 67,032
Interest and investment earnings	948	948	348	(600)
Total revenues	196,948	196,948	263,380	66,432
Excess (deficiency) of revenues over (under) expenditures	196,948	196,948	263,380	66,432
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(245,602)	(258,673)	(240,360)	18,313
Total other financing sources (uses)	(245,602)	(258,673)	(240,360)	18,313
Net change in fund balance	(48,654)	(61,725)	23,020	84,745
Fund balances - beginning	48,654	61,725	61,725	--
Fund balances - ending	$ --	$ --	$ 84,745	$ 84,745

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

Civic Center Fund This Enterprise Fund accounts for the operations of the Civic Center multi-purpose meeting, convention, and entertainment facility.

Parking System Fund This Enterprise Fund accounts for the operations of the City parking buildings, parking lots, and metered spaces.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 78,406	$ 1,036,785	$ 1,115,191
Receivables:			
Accounts	--	228,443	228,443
Prepaid insurance and lease	74,361	123,209	197,570
Restricted:			
Regular account	--	299,932	299,932
Revenue bond covenant accounts	325,273	298,333	623,606
Customer deposits	91,088	--	91,088
Total current assets	569,128	1,986,702	2,555,830
Noncurrent assets:			
Restricted:			
Revenue bond covenant accounts	--	1,138,895	1,138,895
Capital assets not being depreciated:			
Land	300,000	4,066,447	4,366,447
Construction in progress	50,456	770,725	821,181
Capital assets being depreciated:			
Buildings and improvements	35,919,293	28,112,607	64,031,900
Machinery and equipment	1,057,710	1,001,344	2,059,054
Less: accumulated depreciation	(24,909,002)	(21,616,969)	(46,525,971)
Total capital assets (net of accumulated depreciation)	12,418,457	12,334,154	24,752,611
Total noncurrent assets	12,418,457	13,473,049	25,891,506
Total assets	$ 12,987,585	$ 15,459,751	$ 28,447,336

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
LIABILITIES			
Current liabilities:			
Accounts payable	$ 91,022	$ 30,998	$ 122,020
Benefits payable	18,476	27,348	45,824
Payroll payable	24,971	19,502	44,473
Other accrued expenses	3,901	- -	3,901
Compensated absences payable	44,943	25,735	70,678
Customer deposits payable	49,690	3,951	53,641
Due to:			
Other funds	26,759	102,893	129,652
Accrued interest payable	68,992	25,359	94,351
Revenue bonds payable-current	300,000	995,000	1,295,000
Total current liabilities	628,754	1,230,786	1,859,540
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discount)	6,585,837	5,901,815	12,487,652
Other postemployment benefits	82,565	88,891	171,456
Total noncurrent liabilities	6,668,402	5,990,706	12,659,108
Total liabilities	7,297,156	7,221,492	14,518,648
NET ASSETS			
Invested in capital assets (net of related debt)	5,532,620	5,437,339	10,969,959
Restricted:			
Debt service	325,273	1,737,160	2,062,433
Capital projects		70,060	70,060
Unrestricted	(167,464)	993,710	826,246
Total net assets	$ 5,690,429	$ 8,238,269	$ 13,928,698

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Operating revenues:			
Sales and services to customers	$ 1,662,173	$ 3,662,633	$ 5,324,806
Rental fees	1,095,822	- -	1,095,822
Miscellaneous	- -	7,751	7,751
Total operating revenues	2,757,995	3,670,384	6,428,379
Operating expenses:			
Administrative and general	- -	1,903,752	1,903,752
Recreational	3,395,570	- -	3,395,570
Depreciation	995,971	643,092	1,639,063
Total operating expenses	4,391,541	2,546,844	6,938,385
Operating income (loss)	(1,633,546)	1,123,540	(510,006)
Nonoperating revenues (expenses):			
Investment earnings	14,341	38,501	52,842
Gain on sale of capital assets	2,506	- -	2,506
Interest and fiscal charges	(455,084)	(453,176)	(908,260)
Total nonoperating revenues (expenses)	(438,237)	(414,675)	(852,912)
Income (loss) before contributions and transfers	(2,071,783)	708,865	(1,362,918)
Capital contributions	48,387	25,226	73,613
Transfers in	2,013,410	- -	2,013,410
Transfers (out)	(99,993)	- -	(99,993)
Change in net assets	(109,979)	734,091	624,112
Total net assets - beginning	5,800,408	7,504,178	13,304,586
Total net assets - ending	$ 5,690,429	$ 8,238,269	$ 13,928,698

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 2,773,625	$ 3,628,013	$ 6,401,638
Payments to suppliers	(2,520,210)	(631,649)	(3,151,859)
Payments to employees	(1,314,156)	(1,097,584)	(2,411,740)
Net cash provided (used) by operating activities	(1,060,741)	1,898,780	838,039
Cash flows from noncapital financing activities:			
Transfers in from other funds	1,083,612	- -	1,083,612
Net cash provided (used) by noncapital financing activities	1,083,612	- -	1,083,612
Cash flows from capital and related financing activities:			
Transfers from other funds for capital debt	728,768	- -	728,768
Transfers from other funds for capital projects	101,036	- -	101,036
Capital contributions	48,387	- -	48,387
Proceeds from sale of capital assets	2,506	- -	2,506
Proceeds from insurance for damaged asset	- -	4,338	4,338
Acquisition and construction of capital assets	(202,471)	(742,218)	(944,689)
Principal paid on capital debt	(280,000)	(970,000)	(1,250,000)
Interest and fees paid on capital debt	(438,952)	(359,548)	(798,500)
Net cash provided (used) by capital and related financing activities	(40,726)	(2,067,428)	(2,108,154)
Cash flows from investing activities:			
Interest and dividends received	14,341	38,501	52,842
Net cash provided (used) by investing activities	14,341	38,501	52,842
Net increase (decrease) in cash and cash equivalents	(3,514)	(130,147)	(133,661)
Cash and cash equivalents, July 1, 2008 (including $324,007 and $1,731,930 in restricted)	407,193	2,904,092	3,311,285
Cash and cash equivalents, June 30, 2009 (including $325,273 and $1,737,160 in restricted)	$ 403,679	$ 2,773,945	$ 3,177,624

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (1,633,546)	$ 1,123,540	$ (510,006)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	995,971	643,092	1,639,063
Decrease (increase) in accounts receivable	71,230	(51,738)	19,492
Decrease (increase) in due from other funds	- -	9,056	9,056
Decrease (increase) in restricted deposits	(28,159)	- -	(28,159)
Decrease (increase) in prepaid insurance	4,343	7,091	11,434
Increase (decrease) in customer deposits	(27,440)	311	(27,129)
Increase (decrease) in accounts payable	10,090	(21,008)	(10,918)
Increase (decrease) in payroll payable	6,413	(3,347)	3,066
Increase (decrease) in other accrued expenses	(603)	- -	(603)
Increase (decrease) in due to other funds	(541,605)	102,892	(438,713)
Increase (decrease) in OPEB	82,565	88,891	171,456
Net cash provided by operations	$ (1,060,741)	$ 1,898,780	$ 838,039
Noncash investing, capital & financing activities:			
Disposal of obsolete ($4,630) and damaged $5,563) equipment	- -	10,193	10,193
Contribution of capital asset from governmental fund	- -	25,226	25,226
	$ - -	$ 35,419	$ 35,419

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
FIDUCIARY FUND FINANCIAL STATEMENTS

Pension Trust Funds These funds are accounted for in essentially the same manner as proprietary funds using the accrual basis of accounting and account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

Policemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time police employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

Firemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time fire department employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

Agency Funds These funds are accounted for using the accrual basis of accounting and are used to account for assets that the City of Charleston, West Virginia holds for others in an agency capacity.

The individual Agency Fund descriptions and financial statements begin on page 114.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2009

	Pension Trust Funds			
	Policemen's Pension and Relief	Firemen's Pension and Relief	Total Pension Trust Funds	Agency Funds
ASSETS				
Non-pooled cash	$ 10,885,047	$ 1,291,090	$ 12,176,137	$ 1,971,585
Total cash	10,885,047	1,291,090	12,176,137	1,971,585
Investments, at fair value:				
Federal government securities	--	1,749,380	1,749,380	--
Managed bond funds	--	2,033,264	2,033,264	--
Managed stock funds	--	1,950,930	1,950,930	--
Total investments	--	5,733,574	5,733,574	--
Receivables:				
Interest	--	10,542	10,542	--
Accounts receivable	3,146	--	3,146	2,484
Total receivables	3,146	10,542	13,688	2,484
Total assets	$ 10,888,193	$ 7,035,206	$ 17,923,399	$ 1,974,069
LIABILITIES				
Accounts payable	225	13,150	13,375	--
Refunds payable and other	--	--	--	1,974,069
Benefits payable	--	482,163	482,163	--
Total liabilities	225	495,313	495,538	1,974,069
NET ASSETS				
Net assets held in trust for pension benefits	$ 10,887,968	$ 6,539,893	$ 17,427,861	$ --

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Pension Trust Funds		
	Policemen's Pension and Relief	Firemen's Pension and Relief	Totals
ADDITIONS			
Contributions:			
Employer	$ 1,935,577	$ 3,053,765	$ 4,989,342
Plan members	721,191	740,908	1,462,099
State of West Virginia insurance premium surtax allocations	1,700,936	1,805,070	3,506,006
Total contributions	4,357,704	5,599,743	9,957,447
Investment earnings:			
Net increase (decrease) in fair value of investments	(2,554,875)	(1,439,602)	(3,994,477)
Interest and dividends	320,760	187,726	508,486
Less: investment expense	(69,571)	(43,553)	(113,124)
Net investment income	(2,303,686)	(1,295,429)	(3,599,115)
Total additions	2,054,018	4,304,314	6,358,332
DEDUCTIONS			
Benefits	5,183,704	5,578,562	10,762,266
Administrative expenses	5,217	23,936	29,153
Refunds of contributions	69,429	- -	69,429
Total deductions	5,258,350	5,602,498	10,860,848
Change in net assets	(3,204,332)	(1,298,184)	(4,502,516)
Net assets held in trust for pension benefits:			
Beginning of year	14,092,300	7,838,077	21,930,377
End of year	$ 10,887,968	$ 6,539,893	$ 17,427,861

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charleston, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The City of Charleston is a municipal corporation governed by an elected mayor and twenty-seven member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the City, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and, (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and, (2) the ability to impose will or, (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City of Charleston.

Blended Component Unit

The entity below is legally separate from the City and meets GAAP criteria for a component unit. This entity is blended with the primary government because it provides services entirely or almost entirely to the City.

The *City of Charleston Building Commission* (the Commission) serves the City of Charleston, West Virginia, and is governed by a board comprised of five members appointed by the City Council for a term of five years each. The Building Commission acquires property and debt on behalf of the City with the approval of the government's council and the legal liability for the general obligation portion of the Commission's debt remains with the government. The Commission does not issue separate financial statements.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with generally accepted accounting principles. The discretely presented component units are presented on the government-wide statements.

The *City of Charleston Sanitary Board* serves all the citizens of the City of Charleston and is governed by a three member board comprised of the Mayor and two members of council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *City of Charleston Urban Renewal Authority* serves the City of Charleston, West Virginia, and is governed by a board comprised of members appointed by the City. The bond issuance authorizations are approved by the government's elected council. The City of Charleston Urban Renewal Authority derives its income from the leasing of developed properties.

The *City of Charleston Convention and Visitor's Bureau, Inc. (the Bureau)* was established in 1979, as a nonprofit corporation. The Bureau is governed by a board comprised of members stipulated to be no less than fifteen but no more than nineteen which consists of three permanent members (the City of Charleston Civic Center Manager, Director of Yeager Airport, and Mayor of the City of Charleston) and the remainder of the board members are appointed by the City Council. The primary purpose of the Bureau is to operate a convention and visitor's bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences and conventions. The Bureau derives most of its revenue from hotel room taxes. The City of Charleston contributes 50% of the Hotel Occupancy Taxes collected to the Bureau. If these taxes were discontinued, the Bureau's ability to continue in business would be threatened.

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e, the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, if applicable, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined into a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax Fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties.

The *Community Development Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities", which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low- and moderate income people.

The *HOME Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

The government reports the following major proprietary funds:

The *Civic Center Fund* is a large multi-purpose meeting, convention and entertainment facility. The Civic Center/Auditorium Board was created in 1953, to supervise, operate and maintain the Civic Center and the Municipal Auditorium. The Board is appointed by the Mayor with approval of City Council. This fund accounts for the receipts and expenses of the operations of this facility.

The *Parking System Fund* consists of parking buildings, parking lots and metered spaces. The City has delegated a special committee of the Council, designated as the Parking Facilities Committee composed of the Mayor and members of the finance committee of council, to promulgate rules and regulations governing the usage of all the parking facilities. This fund accounts for all receipts and expenses of operating the parking system.

Additionally, the government reports the following fund types:

The *Pension Trust Funds* account for the activities of the Public Safety Employees Retirement Systems, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the accrual basis of accounting.

The *Agency Funds* account for assets held by the City of Charleston, West Virginia for others in a custodial capacity. The two Civic Center Agency Funds account for revenues from event ticket sales, subsequently dispersed to promoters, and for State grant revenues for advertising subsequently dispersed to advertising vendors. The police agency funds account for forfeited funds and confiscated property subsequently dispersed upon court order to the appropriate party. Agency funds are accounted for using the accrual basis of accounting and do not present results of operations or have a measurement focus.

The City of Charleston, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, if applicable, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Civic Center and Parking System (enterprise funds) and the Sanitary Board, Urban Renewal Authority, and Convention and Visitor's Bureau (discretely presented component units) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City of Charleston, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with generally accepted accounting principles, the City reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have more than nine percent invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Municipal Pension Funds are governed as to type of investments by *West Virginia Code §8-22-22.* Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of: (1) Direct and general obligations of the State and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchase such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed sixty percent of the total portfolio.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e, the current portion of interfund loans) or "advances to/from other funds" (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Trade Receivables

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property Tax Receivable

The property tax receivable is equal to 75 percent of the property taxes outstanding at June 30, 2009.

All current taxes assessed on real and personal property have a levy date of the 3rd Tuesday in April of each year. The due date for the taxes is September 1st for the first half and March 1st for the second half of the year. The lien date in which the sheriff has a legal right to collect is between October 14th and November 23rd of each year. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. The City receives from the County its portion of property taxes for current, excess, and bond levies each month for the preceding month collections.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2009, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	$ -	5.75 cents	5.03 cents	1.78 cents
Class II	$ 1,163,413,136	11.50 cents	10.06 cents	3.56 cents
Class IV	$ 1,607,654,121	23.00 cents	20.12 cents	7.12 cents

The City of Charleston, West Virginia held a special election on May 6, 2007. The City was authorized to lay an excess levy to provide approximately $3,958,752 annually for four fiscal years which began fiscal year ended June 30, 2008, through June 30, 2011, for the purpose of subsidizing the payment of current governmental expenses.

3. Prepaid Items

Certain payments to vendors for liability insurance and leases reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain assets of the Civic Center and Parking System enterprise fund revenue bonds as well as certain proceeds set aside for their repayment are classified as restricted assets because their use is limited by applicable bond covenants. Certain assets of the Solid Waste, a governmental special revenue fund, are restricted for solid waste landfill closure expenditures.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "restricted cash" account is used to report resources set aside to pay for potential solid waste capital expenditures.

The "reserve for bond retirement" account is used to segregate resources accumulated for debt service payments.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Structures and improvements	40
Infrastructure	40-50
Machinery and equipment	05-10
Vehicles	03-05
Furniture	05

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Designations of fund balance represent tentative management plans that are subject to change.

9. Change in Accounting Policy

Effective July 1, 2008, the City adopted Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." As required by the standard the long-term liability and related expense have been included in the government-wide statements in governmental and business-type activities in the amount of $6,403,428 and $171,456, respectively. In addition, the Proprietary Fund statements reflect the $171,456 long-term liability and related expense. All OPEB required note disclosures have been included in the notes to the financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $92,238,827 difference are as follows:

Bonds payable:	$ (5,256,248)
Less: issuance cost (to be amortized as interest expense)	10,569
Accrued interest payable	(149,694)
Capital leases payable	(11,232,515)
Claims and judgments	(3,637,940)
Compensated absences	(1,668,146)
Net OPEB obligation	(6,403,428)
Net pension obligation	(63,901,425)
Net adjustment to decrease fund balance-total governmental funds to arrive at net assets-governmental activities	$ (92,238,827)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation expense for the current period." The details of the $664,808 difference are as follows:

Capital outlays	$ 7,946,037
Depreciation expense	(7,281,229)
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	$ 664,808

Another element of that reconciliation states that, "The issuance of long-term debt (i.e, bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this $1,574,500 difference are as follows:

Debt issued or incurred:		
Capital lease financing	$	(2,161,000)
Principle repayments:		
General obligation, revenue bonds, and capital leases		3,736,004
Increase of accrued interest expense		(504)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$	1,574,500

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $16,627,883 difference are as follows:

Compensated absences	$	50,047
Claims and judgments		680,160
Net OPEB Obligation		(6,403,428)
Net pension obligation		(10,954,662)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$	(16,627,883)

Another element of reconciliation is the difference of $25,226 in the amount of transfers between the fund level and the government-wide level. This difference is due to transfers that consisted of nonfinancial resources (capital assets) transferred from governmental funds to a proprietary fund. The governmental funds did not record the transfer because only financial resources are accounted for in a governmental fund; however, the proprietary fund recorded the transaction not as a transfer but as capital contribution revenue in the lower portion of its operating statement. Even though the transfers are not presented in the governmental funds it must be presented as transfers in the governmental activities column in the statement of activities. Consequently, the amount of transfers from the fund level to the government-wide level increased in the amount of $25,226.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Except as noted below, annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

Amount	Description
$ 3,270,301	General Government Expenditure Increase
2,032,986	Capital Projects Expenditure Increase

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The government's budget basis differs from generally accepted accounting principles in the general fund due to (1) the allocation of amounts received from the State of West Virginia for pension allocation (see note IV.H.) (2) The cost allocation of the pay as you go portion related to other post employment benefits (3) Separate reporting of capital outlay for budgetary purposes and (4) the reflection of business and occupation taxes on the cash basis for budgetary purposes.

Of these differences, only the method of recording business and occupation taxes has an effect on the fund balance per GAAP basis and budgetary basis as follows:

	Net Change in Fund Balance	Fund Balance
Budgetary Basis	$ 2,906,526	$ 12,769,277
Basis of Accounting Difference	251,355	9,963,537
GAAP Basis	$ 3,157,881	$ 22,732,814

Intergovernmental revenues - state and public safety expenditures both decreased by $3,506,006 per budget basis for the pension allocation from the State of West Virginia.

The remaining differences in the functional categories per budget and GAAP are attributed to the method in which capital outlay and the pay as you go portion of other post employment benefits are allocated in the budget.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

		Credit Risk Rating	
Primary Government	Fair Value	Standard & Poor's and Fitch	Moody's Investment Services
State Investment Management Board pool	$ 1,833,810	AAA	AAA
Repurchase Agreements-FNMA	1,004,314	Not Rated	Not Rated
U.S. Government Agency Securities	356,557	Not Rated	Aaa
Corporate Bonds-Bank America Corp	98,899	Not Rated	A1
Corporate Bonds-Cisco Systems	26,485	Not Rated	Aa2
Corporate Bonds-General Electric	98,204	Not Rated	Aaa
Corporate Bonds-General Electric Diversified	44,446		
Total Rated Securities	3,462,715		
Total Unrated Securities	725,193		
	$ 4,187,908		
Firemen's Pension and Relief			
U.S. Government Agency Securities	$ 1,749,380	AAA	Not Rated
Total Rated Securities	1,749,380		
Total Unrated Securities	3,984,194		
	$ 5,733,574		

The City's investment in the State Investment Management Board Investment Pool includes funds held at the Municipal Bond Commission (Commission) for the City's General Obligation Bond and for the Parking System and Civic Center, Proprietary Funds, revenue bond issuances. The West Virginia Legislature created this Commission to act as the fiscal agent/trustee for the bond issuances of the State and its political subdivisions. The oversight of the Commission is the State Treasurer's Office, the State Auditor's Office, and other financial professionals not associated with government. For seventy-six years, the Legislature has made a blanket appropriation annually to cover possible deficiencies that could arise in State and general obligation sinking fund accounts. Standard & Poor has recognized this annual Legislative appropriation and the Commission's management as a Credit Enhancement Program, and has awarded all West Virginia general obligation administered by the Commission a minimum rating of AA-. The City's fair value position in the pool is the same as the value of the pool shares.

Credit Risk

It's the government's policy to limit its investments as stated in the West Virginia State Code §8-13-22a and c and §8-22-22 and §8-22-22a. The specific investments allowed for municipal and pension investments are fully described with all applicable limitations in Note I.D.1. The government does not have a policy for credit risk in addition to governing statutes. As of June 30, 2009, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Interest Rate Risk

The City of Charleston has adopted the provisions of West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a (for policemen and firemen's pension plans) as it's investment policy, the specific provisions of which are more fully described in Note I.D.1. The government does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
Primary Government:					
State Investment Management Board Pool	$ 1,833,810	$ 1,833,810	$ -	$ -	$ -
Repurchase Agreements	1,004,314	1,004,314	-	-	-
U.S. Government Agencies	356,557	59,962	100,063	196,532	-
Corporate Bonds-Bank of America	98,899	-	98,899	-	-
Corporate Bonds-Cisco Systems	26,485	-	-	26,485	-
Corporate Bonds-General Electric	98,204	-	-	98,204	-
Corporate Bonds-General Electric Dive	44,446	-	-	-	44,446
Firemen's Pension & Relief Fund:					
U.S. Government Agency Securities	1,749,380	-	1,000,315	749,065	-
Totals	$ 5,212,095	$ 2,898,086	$ 1,199,277	$ 1,070,286	$ 44,446

Concentration of Credit Risk

The government has adopted the provisions contained in West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a as it's investment policy which does not allow for an investment in any one issuer that is in excess of nine percent of the government's total investment or ten percent of the pension fund total investment. Other limitations on investments are more fully described in Note I.D.I. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes.

Any investment in one issuer of five percent or greater must be disclosed in accordance with GAAP. The Firemen's Pension Fund had two common stock investments in ISHARES RS 2000 Value Index Fund and ISHARES RUSSELL MIDCAP Value Index that were five percent and six percent, respectively, of the total portfolio; and Spring Hill Cemetery had two corporate bond investments in Bank America Corporation and General Electric that were six percent and six percent, respectively, of the total portfolio and four mutual fund investments in American Funds Growth, Federated Total Return, Pimco Total Return and Vanguard Inflation-Protected that were five percent, seven percent, seven percent, and five percent, respectively, of the total portfolio at June 30, 2009.

Custodial Credit Risk

The City of Charleston's deposits with financial institutions are fully insured or collateralized by securities held in the government's name except for the Policemen's Pension & Relief Fund. Cash in the amount of $2,406,892 was uninsured and uncollateralized at June 30, 2009.

During June the Policemen's Pension & Relief Fund Board elected to change investment advisors. The actual change to the new advisor occurred in July 2009. Upon the advice of the new advisor, the Board decided to sell all securities held in trust by the end of June before transfer to the new investment firm in July. Consequently, at June 30, 2009 all securities had been sold which resulted in total realized losses for fiscal year 2009 of $3,669,223 and total realized gains of $275,731 based upon the original cost of the securities and proceeds received from the sale.

The calculation of the realized gains and losses disclosed is independent of the calculation of net appreciation (depreciation) in the financials and any unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in investment income reported for a previous year or years (as part of the reported net appreciation or depreciation for those years.)

The Policemen's Pension & Relief Fund cash in the amount of $2,840,811 was insured and collateralized at June 30, 2009. In addition, $5,637,344 held in CMA Money Funds Security Number 989996913 was fully collateralized at June 30, 2009.

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Community Development	HOME	Parking System
Receivables:				
Accounts	$ 3,894,041	$ -	$ -	$ 249,943
Accrued interest	24,528	1,913	-	-
Taxes	12,184,038	-	-	-
Loans	-	2,104,977	3,390,233	-
Grants	10,505	252,541	18,116	-
Gross receivables	16,113,112	2,359,431	3,408,349	249,943
Less: allowance for uncollectible	(1,094,764)	(526,244)	-	(21,500)
Net total receivables	$ 15,018,348	$ 1,833,187	$ 3,408,349	$ 228,443

	Nonmajor Funds and Fiduciary Funds	Total
Receivables:		
Accounts	$ 2,608,638	$ 6,752,622
Accrued interest	16,972	43,413
Taxes	133,388	12,317,426
Loans	332,129	5,827,339
Grants	389,452	670,614
Gross receivables	3,480,579	25,611,414
Less: allowance for uncollectible	(2,280,133)	(3,922,641)
Net total receivables	$ 1,200,446	$ 21,688,773

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes	$ 272,561	$ -
Prepaid License Fees and Cemetery Fees (general fund)	-	66,577
Grant drawdowns prior to meeting all eligibility requirements	-	5,265,750
Total deferred/unearned revenue for governmental funds	$ 272,561	$ 5,332,327

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 7,450,037	$ -	$ -	$ 7,450,037
Construction in progress	1,301,039	3,316,414	(2,806,946)	1,810,507
Total capital assets not being depreciated	8,751,076	3,316,414	(2,806,946)	9,260,544
Capital assets being depreciated:				
Buildings and improvements	45,433,192	1,220,104	(35,752)	46,617,544
Structures and improvements	13,358,823	19,429	-	13,378,252
Machinery and equipment	13,768,846	1,219,633	(689,177)	14,299,302
Vehicles	15,437,844	1,906,634	(1,115,461)	16,229,017
Furniture	304,217	16,931	(3,592)	317,556
Infrastructure	77,041,582	3,050,599	-	80,092,181
Total capital assets being depreciated	165,344,504	7,433,330	(1,843,982)	170,933,852
Less accumulated depreciation:				
Buildings and improvements	(14,895,395)	(1,156,525)	-	(16,051,920)
Structures and improvements	(6,168,559)	(525,079)	-	(6,693,638)
Machinery and equipment	(10,310,115)	(1,132,381)	688,437	(10,754,059)
Vehicles	(10,958,183)	(1,739,076)	1,093,715	(11,603,544)
Furniture	(232,014)	(28,521)	3,592	(256,943)
Infrastructure	(43,829,132)	(2,699,647)	-	(46,528,779)
Total accumulated depreciation	(86,393,398)	(7,281,229)	1,785,744	(91,888,883)
Total capital assets being depreciated, net	78,951,106	152,101	(58,238)	79,044,969
Governmental activities capital assets, net	$ 87,702,182	$ 3,468,515	$ (2,865,184)	$ 88,305,513

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 4,366,447	$ -	$ -	$ 4,366,447
Construction in progress	147,846	674,822	(1,487)	821,181
Total capital assets, not being depreciated	4,514,293	674,822	(1,487)	5,187,628
Capital assets being depreciated:				
Buildings and improvements	63,249,295	25,226	(10,193)	63,264,328
Structures and improvement	767,572	-	-	767,572
Machinery and equipment	1,619,530	248,022	(7,990)	1,859,562
Vehicles	176,161	23,331	-	199,492
Total capital assets being depreciated	65,812,558	296,579	(18,183)	66,090,954
Less accumulated depreciation:				
Buildings and improvements	(43,379,650)	(1,434,387)	5,854	(44,808,183)
Structures and improvements	(287,570)	(26,881)	-	(314,451)
Machinery and equipment	(1,103,418)	(151,176)	7,990	(1,246,604)
Vehicles	(130,114)	(26,619)	-	(156,733)
Total accumulated depreciation	(44,900,752)	(1,639,063)	13,844	(46,525,971)
Total capital assets being depreciated, net	20,911,806	(1,342,484)	(4,339)	19,564,983
Business-type activities capital assets, net	$ 25,426,099	$ (667,662)	$ (5,826)	$ 24,752,611

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 3,163,636
Public safety	1,636,237
Highways and streets, including depreciation of general infrastructure assets	675,558
Health and sanitation	637,193
Culture and recreation	1,114,068
Social services	54,537
Total depreciation expense-governmental activities	$ 7,281,229
Business-type activities:	
Civic Center	$ 995,971
Parking System	643,092
Total depreciation expense-business-type activities	$ 1,639,063

Construction in Progress

The government has active construction projects as of June 30, 2009. The projects include street, retaining walls, and bridge repairs, City Hall renovations and additions, recreation facilities renovations and greenspace. At year end, the amounts for governmental activities spent-to-date are as follows:

Project	Spent-to-Date	Funded
Ball Park Additions	$ 11,137	General Fund
Riverfront Project	276,168	General Fund , Federal Grants, & Contributions
Parking Garage Renovations	33,647	Parking System & Federal Grants
City Hall Renovations & Additions	93,050	General Fund
Storm Water Project	40,796	General Fund
MOECD-Sojourners' Renovations	6,428	CDBG Grants
Bridge & Retaining Walls Projects	943,672	General Fund and CDBG Grants
Feasibility Study-Civic Center	38,968	General Fund
Greenspace	366,641	General Fund , CDBG Grants & Contributions
Total	$ 1,810,507	

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Civic Center	Reimbursements Insurance	$ 26,759
	Parking System	Reimbursement Insurance	31,892
	CDBG	Reimbursement Salary & Utilities	67,742
	HOME	Reimbursement Salary & Utilities	17,316
	Nonmajor Governmental Fund	Reimbursements Salaries, loans, and transfer of fines	505,118
	Fiduciary-Agency		1,151
Nonmajor Governmental Funds	Parking System	Reimbursements for Parking System Repairs	70,999
Nonmajor Governmental Funds	General Fund	Transfer of funds/Refunds	6,651
	Total		$ 727,628

Interfund transfers:

	Transfers In			
	General Fund	Nonmajor Governmental	Civic Center	Total Transfers In
Transfers out:				
General fund	$ -	$ 3,638,093	$ 1,572,021	$ 5,210,114
Coal severance tax	-	-	240,360	240,360
Nonmajor govern-	3,650,330	-	-	3,650,330
mental funds	-	-	201,029	201,029
Civic Center	-	99,993	-	99,993
Total Transfers Out	$ 3,650,330	$ 3,738,086	$ 2,013,410	$ 9,401,826

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

On November 1, 2004, the City of Charleston entered into a Contract of Lease-Purchase with the West Virginia Economic Development Authority in the amount of $8,000,000 with average interest rate of 5.29 percent to be used to acquire, construct, renovate, equip and complete a baseball stadium complex, including renovations of an existing building for leasing to prospective tenants.

The Civic Center and Parking System prior years lease obligations have been fully satisfied as of June 30, 2009.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Civic Center	Parking System
Machinery, equipment and vehicles	$ 10,315,912	$ 28,677	$ 218,399
Less: accumulated depreciation	(7,554,922)	(28,677)	(218,399)
Total	$ 2,760,990	$ -	$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Activities
2010	$ 2,356,205
2011	2,086,764
2012	1,681,258
2013	1,280,523
2014	903,738
2015 - 2019	3,421,340
2020 - 2024	2,539,253
2025 - 2029	479,415
Total minimum lease payments	14,748,496
Less: amount representing interest	(3,515,981)
Present value of minimum lease payments	$ 11,232,515

F. Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General Obligation Bonds currently outstanding are as follows:

Governmental Activities					
Purpose	Maturity Date	Interest Rates	Issued	Retired	Balance June 30, 2009
Public Improvement Bonds					
Series 1989	2010	7.1-7.2%	$ 15,000,000	$ 13,630,000	$ 1,370,000
Total			$ 15,000,000	$ 13,630,000	$ 1,370,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2010	$ 1,370,000	$ 49,320
Total	$ 1,370,000	$ 49,320

Revenue Bonds

The City has issued bonds in prior years where the government pledged designated revenues to pay debt service. The proceeds of these bonds were used to acquire or construct assets. There were no new bond issues during the current fiscal year. The City has the following revenue bonds outstanding at June 30, 2009:

The Charleston Building Commission, a blended component unit of the City, issued the Public Safety Center Lease-Revenue Bonds Series 1999 in the amount of $1,500,000 to acquire, construct, and equip a new public safety center. The bonds are secured by a first lien on the rental payments to be paid to the Commission pursuant to the Contract of Lease - Purchase between the Commission and the City. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $1,120,000 and interest in the amount of $565,341 on the bonds when due until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $50,000 and interest in the amount of $64,525 were used to pay the debt service on these bonds.

The Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 to acquire and equip the Center. These bonds are a limited special obligation of the Commission payable solely from the revenues and receipts derived from leasing the equipment. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $2,175,000 and interest in the amount of $1,160,488 on the bonds when due until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $90,000 and interest in the amount of $131,293 were used to pay the debt service on the bonds.

The Building Commission, a blended component unit of the City, issued $1,300,000 of the City of Charleston Building Commission (West Virginia), Facilities Revenue Bonds, Series 2002 (City of Charleston Fire Station) to construct and equip a new fire station on certain real property adjoining the Orchard Manor housing complex. The bonds are secured by the fire station and an irrevocable pledge of lease payments which are required to be in sufficient amount to pay principal in the amount of $580,679 and interest in the amount of $47,100 on the bonds when due until bond maturity in 2013. During the fiscal year 2009 lease payments in the principal amount of $131,447 and interest in the amount of $26,106 were used to pay the debt service on these bonds.

Revenue Bonds - Business-type Activities

The City of Charleston Parking System issued $11,365,000 in revenue bonds to current-refund $11,950,000 of 1993, 1994 A&B, and 1995 A Series Bonds. The bonds were refunded, defeased, paid and discharged in accordance with the bond ordinance and the liability removed from the Parking System Statement of Net Assets. The 2005 A and B Refunding bonds are secured solely by the net revenues of the Parking System as described in the ordinance-gross revenues less operating expense. Remaining revenue pledged is equal to the outstanding principal amount of $1,290,000 and interest in the amount of $129,955 until bond maturity in 2013 and outstanding principal amount of $6,190,000 and interest in the amount of $1,203,420 until bond maturity in 2016. During the fiscal year 2009, Parking System net revenues in the principal amount of $970,000 and interest in the amount of $356,450 were used to pay the debt service which was 73% of net revenues.

The City of Charleston, WV Civic Center Improvement Bonds, Series 1998 in the amount of $3,635,000 were issued for the purpose of acquiring, equipping and making improvements to the Charleston Civic Center secured by revenues pledged from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the outstanding debt in the principal amount of $2,655,000 and interest in the amount of $1,204,225 until bond maturity in 2023. During the fiscal year 2009 these pledged revenues in the principal amount of $120,000 and interest amount of $139,650 were used to pay the debt service on these bonds which is eight percent of the specified revenues.

The Civic Center Improvement Bonds, Series 1999, in the amount of $4,060,000 were issued to construct additions, betterments, and improvements to the Civic Center secured by pledged revenues from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the principal amount of $3,240,000 and interest amount of $1,993,498 until bond maturity in 2024. During the fiscal year 2009 these pledged revenues were used to pay the principal amount of $115,000 and interest amount of $214,073 on these bonds which is ten percent of the specified revenues.

The Charleston Building Commission Civic Center Lease Revenue Bonds, Series 1999 issued in the amount of $1,610,000 for the acquisition, construction, and new equipment installed at the Civic Center payable solely from revenues to be derived from lease payments to the Commission. These irrevocable pledge of lease payments which are required to be sufficient in amount to pay principal of $1,275,000 and interest of $781,866 until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $45,000 and interest amount of $83,986 were used to pay the debt service on these bonds.

Revenue bonds outstanding, net of unamortized issuance costs of $877,917 (Fire Station $10,569; Parking System $583,185, and Civic Center of $284,163) at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2009
Governmental activities:					
Public Safety Center Series 1999	2024	5.00-5.70%	$ 1,500,000	$ 380,000	$ 1,120,000
Charleston Building Commission 1999	2024	5.30-5.95%	2,895,000	720,000	2,175,000
Fire Station Series 2002B	2013	3.81%	1,300,000	719,321	580,679
Total governmental activities			$ 5,695,000	$ 1,819,321	$ 3,875,679
Business-type activities:					
Parking System Refunding Series 2005A	2016	2.50-4.50%	$ 8,710,000	$ 3,017,196	$ 5,692,804
Parking System Refunding Series 2005B	2013	3.00-4.40%	2,655,000	1,450,989	1,204,011
Civic Center Improvement Series 1998	2023	4.60-5.10%	3,635,000	1,057,989	2,577,011
Civic Center Improvement Series 1999	2024	4.51-6.71%	4,060,000	953,895	3,106,105
Civic Center Lease Revenue Series 1999	2024	5.20-6.70%	1,610,000	407,279	1,202,721
Total revenue bonds			$ 20,670,000	$ 6,887,348	$ 13,782,652

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	$ 281,767	$ 209,334	$ 1,179,709	$ 742,110
2011	297,027	196,539	1,219,709	685,528
2012	307,490	183,026	1,274,709	626,109
2013	324,395	165,165	1,155,442	561,990
2014	180,000	154,781	1,447,640	501,891
2015 - 2019	1,075,000	606,249	4,257,590	1,542,326
2020 - 2024	1,410,000	257,815	2,819,504	638,438
2025 - 2029	-	-	428,349	14,572
Totals	$ 3,875,679	$ 1,772,909	$ 13,782,652	$ 5,312,964

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds payable	$ 2,645,000	$ -	$ (1,275,000)	$ 1,370,000	$ 1,370,000
Revenue Bonds	4,160,337	-	(274,089)	3,886,248	281,767
Less: deferred amounts:					
Issuance costs	(13,211)	-	2,642	(10,569)	-
Total bonds payable	6,792,126	-	(1,546,447)	5,245,679	1,651,767
Capital leases	11,261,072	2,161,000	(2,189,557)	11,232,515	1,852,554
Net OPEB obligation	-	6,403,428	-	6,403,428	-
Net pension obligation	52,946,763	10,954,662	-	63,901,425	-
Claims and judgments	4,318,101	3,637,940	(4,318,101)	3,637,940	3,637,940
Compensated absences	1,718,193	1,668,146	(1,718,193)	1,668,146	1,668,146
Governmental activities Long-term liabilities	$ 77,036,255	$ 24,825,176	$ (9,772,298)	$ 92,089,133	$ 8,810,407

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 15,900,000	$ -	$ (1,250,000)	$ 14,650,000	$ 1,295,000
Less: deferred amounts:					
Issuance costs	(982,639)	-	115,291	(867,348)	-
Total bonds payable	14,917,361	-	(1,134,709)	13,782,652	1,295,000
Net OPEB obligation	-	171,456	-	171,456	-
Compensated absences	76,303	70,678	(76,303)	70,678	70,678
Business-type activities Long-term liabilities	$ 14,993,664	$ 242,134	$ (1,211,012)	$ 14,024,786	$ 1,365,678

For the governmental activities, the General Fund has been used to liquidate other long-term liabilities.

Conduit Debt

The City of Charleston, in accordance with Bill No. 7370 approved by Council on December 15, 2008, has issued its Multifamily Housing Revenue Bonds (Littlepage Terrace Apartment Project), Series 2008A, and Multi-Family Housing Revenue Bond (Washington Manor Apartment Project), Series 2008B in the aggregate amount of $11,495,000, variable rate yield, final maturity April 1, 2048 for the express purpose of providing capital financing for a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the City of Charleston, however, the City is not responsible for the payment of the original debt but rather the debt is secured only by the cash payments agreed to be paid by the nongovernmental entity under the terms of the mortgage.

These bonds are a portion of the Mixed-Finance Proposal submitted by Charleston Replacement Housing #3 (Project) on April 22, 2009 to the Department of Housing and Urban Development (HUD). The submission, together with supplemental document submissions, satisfied the requirements in 24 CFR 941, subpart F, and was approved by HUD. Charleston Replacement Housing #3 will construct 96 affordable housing units, including 51 public housing units and 45 project-based Section 8 units which shall be rented to income-eligible residents. One-hundred percent of the units will qualify for federal low-income housing tax credits as provided for in Section 42 of the IRS Code of 1986.

The development costs totaling approximately $18,311,767 will be funded by several sources, one of which is the proceeds from the multifamily housing revenue bonds, of which a portion will be purchased by Chase Bank (the "Series CB Bonds") and a portion which will be purchased by the Authority using the proceeds of a Fannie Mae Modernization Express Loan (the "Series FM Bonds") made available as a result of CFFP financing. The proceeds of the Series CB Bonds will be used to a make a construction loan of $5,789,779, which, at conversion, will be reduced to a $1,295,000 permanent loan (the "First Priority Loan"). Proceeds of the Series FM Bonds will be used by the Authority to make a loan in the amount of $5,397,820 (the "Second Priority Loan") to the Partnership which will carry a 6.75% interest rate until conversion then a 1.25% interest rate during the forty year term.

On June 17, 2009, the Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission University Facilities Revenue Bonds (The University of Charleston, Inc.) Series 2009 in the principal amount of $22,000,000 for the purpose of financing the costs of designing, acquiring, constructing and equipping an approximately 150-bed student housing facility upon the University of Charleston campus and designing, acquiring and constructing an approximately 525-space motor vehicle parking facility upon the University of Charleston campus. This debt was issued for the express purpose of providing financing to a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the Charleston Building Commission, however, the Commission is not responsible for the payment of the original debt but rather the debt is secured by payments to be paid by the nongovernmental entity.

G. Restricted Assets

The balances of the restricted asset accounts for the primary government are as follows:

	Governmental Activities	Business-type Activities
Customer deposits	$ -	$ 91,088
Cash - contractual agreement	2,024,453	-
Capital lease debt service	200,176	-
General obligation bond debt service account	96,309	-
Revenue bond operations and maintenance account		299,932
Revenue bond debt service account	19,021	623,606
Revenue bond reserve account	-	1,138,895
Total restricted assets	$ 2,339,959	$ 2,153,521

H. Benefits Funded by the State of West Virginia

For the year ended June 30, 2009, the State of West Virginia contributed estimated payments on behalf of the government's public safety employees in accordance with West Virginia State Code §33-3-14d. These contributions are funded by State collections of insurance premium tax and are shown in the General Fund (Employer) Statement of Revenues, Expenditures, and Changes in Fund Balance as Intergovernmental-State revenues and as Public Safety Expenditures for the contribution to the Police and Fire Pension Funds in accordance with GAAP. The State contributions were deposited directly into the Policemen's and Firemen's Pension Funds as follows:

Plan	Amount
Policemen's Pension and Relief Fund	$ 1,700,936
Firemen's Pension and Relief Fund	1,805,070
Total	$ 3,506,006

I. Prior Period Adjustment

Beginning net assets for the governmental activities were restated for a correction of accrued bond and lease interest at June 30, 2008. Beginning unrestricted net assets changed to ($39,331,088) with total net assets equal to $45,031,088 from the previously reported unrestricted net assets of ($40,056,384) and total net assets of $44,306,064. The net effect of the restatement is a $725,296 increase to beginning net assets.

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Commercial Insurance Services for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the State. Other private insurance companies may begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2010. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments include an amount for claims that have been incurred but not reported (IBNRs). An excess coverage insurance policy covers individual claims in excess of $300,000 for liability retention and loss and $500,000 for workers' comp retention-all employees. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 6/30/2009	Year Ended 6/30/2008
Unpaid claims, beginning of fiscal year	$ 4,318,101	$ 4,801,056
Incurred claims (including IBNRs)	3,637,940	4,318,101
Claims paid	(4,318,101)	(4,801,056)
Unpaid claims, end of fiscal year	$ 3,637,940	$ 4,318,101

The government is the owner and permit holder for the City of Charleston's landfill. In accordance with the provisions of an Operating Agreement between the government and contractor dated February 15, 1994, the government maintains a contingency fund for the closure/post closure costs for the landfill in the event of default by contractor.

B. Subsequent Events

In October and November 2009 the City Council authorized the refunding of the Civic Center Improvement Bonds, Series 1999, of the City of Charleston, in the amount not to exceed $3,500,000, the Charleston Building Commission Civic Center Lease-Revenue Bonds, Series 1999, in the principal amount outstanding of $1,275,000, and the Charleston Building Commission Public Safety Center Lease-Revenue Bonds, Series 1999, in the principal amount outstanding of $1,120,000. It has been determined the City may now refund the bonds at a savings.

C. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

D. Deferred Compensation Plan

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

E. Joint Venture

The Kanawha-Charleston Board of Health is a multi-government arrangement which qualifies as a joint venture. An annual contract is signed between the Board, Kanawha County and the City of Charleston. The Kanawha-Charleston Board of Health is a separate and specific activity which is jointly controlled by the County and City due to their shared responsibility for appointment of the five-member Board. In addition, there is an ongoing financial responsibility for the participating governments pursuant to Article 2, Chapter 16, Paragraph 14 of the Code of West Virginia which states in part "the appointing authorities for local boards of health shall provide financial support for the operation of the local health department." It further authorizes the county or municipality to appropriate and spend money from the general funds for public health purposes and to pay the expenses of the operation of the local board of health services and facilities. There is no ongoing financial interest for the participating governments. Complete financial statements for the Kanawha-Charleston Board of Health can be obtained at the entity's administrative offices.

F. Donor-Restricted Endowment

The City of Charleston was a recipient of a donor-restricted endowment for the Spring Hill Cemetery. The corpus of the trust is non-expendable and only the income earned from the trust may be spent for the general care and maintenance of the cemetery. The government's council at its regular meeting held on November 16, 1970, adopted a resolution authorizing the creation of Spring Hill, Inc. and charged the corporation with the management of funds it might receive for the perpetual care of Spring Hill Cemetery. The corporation qualified as a tax-exempt organization under Section 501(c)(13) of the Internal Revenue Code of 1954. The unspent endowment earnings of $606,658 since the inception may be spent for the general maintenance of the cemetery. This amount is reported in the government's net assets as restricted for perpetual care-expendable.

G. Postemployment Healthcare Plan

Effective July 1, 2008, the City of Charleston adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In Addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses in the governmental and business-type activities of $6,403,428 and $171,456, respectively, resulting from the adoption.

V:G.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Charleston's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund. The City maintains a single employer self-insured defined benefit health plan including dental and vision administered by Wells Fargo, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the City Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Civic Center Revenue Fund and Parking System Revenue Fund.

Non-uniform employees are eligible to receive retiree health care coverage at the earlier of age 55 with 25 years of service; or age 60 with 5 years of service.

Police and fire uniform employees are eligible to receive retiree health care coverage at the earlier of age 50 with 20 years of service or age 65.

Upon the death of the retiree or active employee, the surviving spouse may continue coverage by paying the full COBRA rate.

The City subsidizes retiree health care coverage for lifetime. The City's subsidy depends on the hire date. Retirees receive free coverage if they are eligible for sick leave benefits at retirement. Once the sick leave benefits end, retirees are responsible for the portion of the premium rate not subsidized by the City. For 2008/2009 the monthly retiree contribution for non-tobacco users is as follows:

	Under 65		Over 65	
Date of Hire	Single	2-Person	Single	2-Person
Before July 1984				
Non-uniform	$ 170	$ 270	$ 81	$ 57
Uniform	$ 150	$ 221	$ 88	$ 57
July 1, 1984-July 1, 1989	$ 170	$ 270	$ 128	$ 207
July 1, 1989-July 1, 1994	$ 183	$ 289	$ 137	$ 224
July 1, 1994-July 1, 2000	$ 193	$ 308	$ 146	$ 224

The City does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 45 purposes it was assumed that these rates remain level in future years.

Employees hired after July 1, 2000 are required to contribute a) the COBRA rate less b) a 2.0% credit for every year of service (limited to 50%).

Retiree contributions for tobacco users are 115% of the non-tobacco rate.

Active employees can roll over unlimited number of unused sick leave annually which upon retirement can be converted to free health care coverage at two days of unused sick leave for one month of single coverage or three days for one month family coverage.

The same benefit options are available to retirees as active employees. There is no prescription drug coverage for post-medicare retirees.

The 2009 monthly COBRA rates are $551 for single and $1,101 for two-person under 65 years of age and $331 for single and $1,059 for two-person over 65 years of age.

The number of participants as of July 1, 2008, the effective date of the biennial OPEB valuation were 759 active employees and 418 retired employees.

Employees who retire under the WV Public Employees Retirement System have the option of maintaining the City's OPEB plan or electing P.E.I.A insurance. To date only a few retirees have chosen the P.E.I.A. insurance coverage.

The City's current funding policy for postemployment health care benefits is on a pay-as-you-go basis.

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City. However, employees who elect COBRA are covered under the City's self-insured health plan as are all active employees and those retired employees who maintain City health plan coverage.

V:G.2 Annual Other Post Employment Benefit (OPEB) Cost

The City's annual OPEB cost is calculated on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB 45. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of 30 years. As of July 1, 2008, the most recent actuarial valuation date, the Plan was not funded. The following tables illustrate the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, changes in the net OPEB obligation, funding progress, and the covered payroll and the ratio of the UAAL to the covered payroll.

The City's annual other post employment benefit cost is as follows:

	OPEB		
	Governmental Activities	Business-type Activities	Total
Annual required contribution	$ 9,356,680	$ 276,361	$ 9,633,041
Interest on net OPEB obligation	--	--	--
Adjustment to annual required contribution	--	--	--
Annual OPEB cost	9,356,680	276,361	9,633,041
Contributions made	(2,953,252)	(104,905)	(3,058,157)
Increase in net OPEB obligation	6,403,428	171,456	6,574,884
Net OPEB obligation at beginning of the year	--	--	--
Net OPEB obligation at the end of the year	$ 6,403,428	$ 171,456	$ 6,574,884

V.G.3. Trend Information

Other Post Employment Benefits (OPEB)

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	$ 9,633,041	31%	$ 6,574,884

V.G.4. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ --	$ 129,751,934	$ 129,751,934	0.0%	$ 29,873,284	434%

Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, information provided does not reflect similar information respective of the two preceding years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend rate. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the City maintains no Plan assets, information relative to Plan assets required disclosures is not applicable. Additionally, because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI does not reflect similar information respective of the two preceding years.

V:G.5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of pay based on an open group.

In the July 1, 2008 actuarial valuation, the liabilities were computed using the projected unit credit method on a level percentage of pay amortization. The actuarial assumptions utilized a 5% discount rate and 4% projected salary increases per year. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 5% rate. The valuation assumes a 10% healthcare trend increase for the fiscal year 2009, reduced by decrements to a rate of 4.5% in fiscal year 2017, and later.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI:A.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2007.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2008.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's boards. The boards have the valuations performed every two years in accordance with GAAP. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and IV.A.

The Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF) recognizes benefits and refunds when due and payable in accordance with the terms of the plans.

Memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	184	191	375
Vested Terminated Benefits	2	3	5
Retirees and Beneficiaries Currently Receiving Benefits	202	221	423
Total	388	415	803

These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

	PPRF	FPRF
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than thirty years in accordance with West Virginia State Code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the City to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by West Virginia State Code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The City of Charleston contributes 108% of the prior year's contributions for both the police and fire pension plans.	
Plan Members	8% of covered payroll	8% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	

Provisions for:	PPRF	FPRF
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

Annual Required Contributions and Significant Actuarial Assumptions

The actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Valuation Date	7/1/2007	7/1/2008
Actuarial Cost Method	Entry age normal-Closed Group	Entry Age Normal-Closed Group
Amortization Method	Level with a 24-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Amortization Period	Level with a 24-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.0% per year, net of expenses	7.0% per year, net of expenses
Projected Salary Increases	4% per year	4% per year
Post-Retirement Benefit Increases	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).

VI.A.2. Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the PPRF and FPRF are shown in the trend information provided in VI.A.4. The annual required contributions were not made by both the PPRF or FPRF. The net pension obligation is listed in VI.A.3.

Benefits, Refund, and Administrative Costs

Benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed with revenues from contributions and investment earnings.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

VI:A.3 Annual Pension Cost and Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation for the Policemen's and Firemen's Pension and Relief funds are as follows:

	PPRF	FPRF
Annual required contribution	$ 7,664,881	$ 7,919,675
Interest on short-term	1,979,653	1,726,620
Adjustment to annual required contribution	(1,787,659)	(1,559,166)
Annual pension cost	7,856,875	8,087,129
Contributions made	(1,935,577)	(3,053,765)
Increase in net pension obligation	5,921,298	5,033,364
Net pension obligation at beginning of the year	28,280,762	24,666,001
Net pension obligation at the end of the year	$ 34,202,060	$ 29,699,365

VI.A.4. Trend Information

Policemen's Pension and Relief Fund (PPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	$ 7,664,881	23%	$ 34,202,060
2008	$ 7,414,233	24%	$ 28,280,762
2007	$ 4,438,134	37%	$ 22,658,730
2006	$ 3,830,559	40%	$ 19,880,042
2005	$ 4,046,054	36%	$ 17,600,365
2004	$ 3,995,277	34%	$ 15,003,734
2003	$ 3,490,259	36%	$ 12,363,057

Firemen's Pension and Relief Fund (FPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	$ 7,919,675	39%	$ 29,699,365
2008	$ 8,421,080	34%	$ 24,666,001
2007	$ 7,516,226	35%	$ 19,072,481
2006	$ 4,157,681	59%	$ 14,174,365
2005	$ 4,115,289	56%	$ 12,463,517
2004	$ 4,075,783	52%	$ 10,634,988
2003	$ 4,028,690	50%	$ 8,696,363

VI.A.5. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/07	$ 15,582,123	$ 95,751,500	$ 80,169,377	16.27%	$ 8,666,547	925%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ 7,838,077	$ 96,724,077	$ 88,886,000	8.10%	$ 8,959,494	992%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates the actuarial value of the plan assets is (increasing 38% for the PPRF and increasing 19% for the FPRF) over time relative to the actuarial accrued liability for both pension plans (is increasing 46% for the PPRF and increasing 36% for the FPRF) over time relative to the actuarial accrued liability.

Separate audited financial statements for the defined pension plans for public safety employees are not available.

VI.B.1 Plan Descriptions, Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The City of Charleston, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general City employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

	Public Employees' Retirement System (PERS)
Eligibility to participate:	All City full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions:	State Statute
Plan member's contribution rate:	4.50%
City's contribution rate:	11.00%
Period required to vest:	Five Years

Benefits and eligibility for distribution:	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

VI.B.2. Trend Information

Public Employees Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2009	$ 1,675,990	100%
2008	1,600,134	100%
2007	1,522,933	100%
2006	1,408,585	100%
2005	1,367,748	100%
2004	1,113,501	100%
2003	1,089,353	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue. S.E., Charleston, WV 25304.

REQUIRED SUPPLEMENTARY INFORMATION

I. SCHEDULES OF FUNDING PROGRESS

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/97	$ 11,329,860	$ 65,658,421	$ 54,328,561	17.26%	$ 6,430,212	845%
7/1/99	13,183,185	68,856,200	55,673,015	19.15%	6,545,780	851%
7/1/01	14,436,077	76,015,300	61,579,223	18.99%	6,606,800	932%
7/1/03	13,955,874	86,255,000	72,299,126	16.18%	6,916,700	1045%
7/1/05	14,028,062	90,598,400	76,570,338	15.00%	7,901,100	969%
7/1/07	15,582,123	95,751,500	80,169,377	16.27%	8,666,547	925%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/98	$ 6,613,424	$ 71,358,728	$ 64,745,304	9.27%	$ 7,063,357	917%
7/1/00	6,492,763	68,627,600	62,134,837	9.46%	7,140,380	870%
7/1/02	6,281,501	79,213,700	72,932,199	7.93%	7,674,090	950%
7/1/04	6,427,687	87,142,700	80,715,013	7.38%	7,818,820	1032%
7/1/06	7,121,731	97,573,128	90,451,397	7.30%	8,589,398	1053%
7/1/08	7,838,077	96,724,077	88,886,000	8.10%	8,959,494	992%

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ --	$ 129,751,934	$ 129,751,934	0.00%	$ 29,873,284	434%

Note to Required Supplementary Information-Other Post Employment Benefits:
Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the two preceding years for Other Postemployment Benefits.

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND TYPES - NONMAJOR

Special Revenue Funds are used to account for the receipt and use of specific revenues that are legally restricted by ordinance or grant agreements for specific purposes.

Debt Service Funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs, for the benefit of the City or its citizens.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,963,460	$ 4,397,938	$ 3,689,446	$ 142,600	$ 11,193,444
Investments	--	--	--	1,349,784	1,349,784
Receivables:					
Taxes	--	--	100,041	--	100,041
Accounts	411,286	--	--	--	411,286
Grants	389,452	--	--	--	389,452
Loans	277,065	--	--	--	277,065
Accrued interest	100	--	--	6,330	6,430
Due from:					
Other funds	1,749	70,999	--	5,942	78,690
Component units	30,963	--	--	--	30,963
Restricted cash	2,024,453	--	115,330	--	2,139,783
Total assets	$ 6,098,528	$ 4,468,937	$ 3,904,817	$ 1,504,656	$ 15,976,938
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	193,641	527,710	--	--	721,351
Due to:					
Other funds	505,118	--	--	--	505,118
Deferred revenue:					
Unearned revenue	336,123	--	--	--	336,123
Taxes	--	--	40,719	--	40,719
Total liabilities	1,034,882	527,710	40,719	--	1,603,311
Fund balances:					
Reserved for:					
Perpetual care	--	--	--	1,504,656	1,504,656
Debt service	--	--	3,864,098	--	3,864,098
Community development	2,375,677	--	--	--	2,375,677
Capital projects	--	3,941,227	--	--	3,941,227
Public safety	364,219	--	--	--	364,219
Unreserved	2,323,750	--	--	--	2,323,750
Total fund balances	5,063,646	3,941,227	3,864,098	1,504,656	14,373,627
Total liabilities and fund balances	$ 6,098,528	$ 4,468,937	$ 3,904,817	$ 1,504,656	$ 15,976,938

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	$ --	$ --	$ 1,553,256	$ --	$ 1,553,256
Intergovernmental:					
Federal	1,717,087	--	--	--	1,717,087
Charges for services	4,082,710	33,678	--	--	4,116,388
Fines and forfeits	1,189,702	--	--	--	1,189,702
Interest and investment earnings	63,749	50,710	54,856	(63,019)	106,296
Reimbursements	--	50,441	--	--	50,441
Contributions and donations	3,910	9,419	--	982	14,311
Miscellaneous	9,403	--	--	--	9,403
Total revenues	7,066,561	144,248	1,608,112	(62,037)	8,756,884
EXPENDITURES					
Current:					
General government	338,406	--	--	--	338,406
Public safety	1,318,152	--	--	--	1,318,152
Streets and transportation	1,761	--	--	--	1,761
Health and sanitation	1,136,104	--	--	--	1,136,104
Social services	--	--	--	32,448	32,448
Economic development	644,200	--	--	--	644,200
Debt service:					
Principal	--	--	1,415,000	--	1,415,000
Interest	--	--	349,162	--	349,162
Capital outlay:					
Streets and transportation	--	3,269,518	--	--	3,269,518
Total expenditures	3,438,623	3,269,518	1,764,162	32,448	8,504,751
Excess (deficiency) of revenues over (under) expenditures	3,627,938	(3,125,270)	(156,050)	(94,485)	252,133
OTHER FINANCING SOURCES (USES)					
Transfers in	563,547	2,779,993	359,893	34,653	3,738,086
Transfers (out)	(3,481,120)	(370,238)	--	--	(3,851,358)
Refund to federal government	(9,872)	--	--	--	(9,872)
Total other financing sources (uses)	(2,927,445)	2,409,755	359,893	34,653	(123,144)
Net change in fund balances	700,493	(715,515)	203,843	(59,832)	128,989
Fund balances - beginning	4,363,153	4,656,742	3,660,255	1,564,488	14,244,638
Fund balances - ending	$ 5,063,646	$ 3,941,227	$ 3,864,098	$ 1,504,656	$ 14,373,627

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS

Nonmajor Funds

Asset Forfeiture and Reimbursement Fund This fund is used to account for monies seized by Charleston Police department or Drug Unit and have been ordered released or forfeited by a court of law.

Byrne Justice Assistance Grant Fund This fund was established to account for grants received from the U.S. Department of Justice passed through from the West Virginia Department of Criminal Justice Services to encourage arrest policies and enforcement of protection orders.

Charleston Land Trust Commission Fund This fund was established to account for donations or other funding to acquire, maintain, improve, and preserve public trust lands.

Community Development Recovery Program This fund was established to account for grants received from the American Recovery and Reinvestment Act of 2009. The Recovery Act appropriated CDBG funding to carry out, on an expedited basis, eligible activities under the CDBG program. Except as described in the notice, the statutory and regulatory provisions governing the CDBG program apply to this program. These grant funds, except for administrative costs, have been allocated to the Engineering Department for replacement of curbs, sidewalks, concrete streets, and asphalt streets in CD eligible areas of Charleston.

COPS Meth Grant Fund This fund was established to account for grants received from the Department of Justice for meth enforcement overtime, purchase meth lab investigation supplies (haz-mat suits, evidence collection tubes, etc.) and materials and supplies such as computers, first aid kits and travel training.

DOT Federal Grant Fund This fund was established to account for federal grant revenues from the Department of Transportation for capital improvements.

Employee Health Insurance Fund This fund was established to maintain funds reserved for health insurance benefits.

EPA Brownfields Grant Fund This fund is used to account for federal grant revenues received from the U.S. Environmental Protection Agency for a three-year period to inventory sites either perceived to be contaminated or actually contaminated with petroleum. The funds will be used to pay a consultant who will work with the technical aspects of the project and to purchase supplies needed for public meetings and creating a reuse plan for sites that may be re-developed.

FEMA-WV Flood Mitigation Fund This fund was established to account for federal grants received from U.S. Federal Emergency Management Agency passed through the WV Office of Emergency Services for City flood disaster relief area improvements and repairs.

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS (Continued)

Homeland Security Grant Fund This fund was established to account for federal grants received from U.S. Department of Homeland Security passed through the WV Office of Emergency Services primarily for salary reimbursements for police officers and other public safety costs.

Homeless Prevention & Rapid Re-Housing Fund This fund was established to account for grant funds received from the American Recovery and Investment Act of 2009. The program intent is to focus on housing stabilization, provide temporary financial assistance and/or services to help persons gain housing stability, to serve persons who are homeless or would be homeless if not for this assistance and to serve persons who can remain stably housed after this temporary assistance ends. All of these funds, except for three percent administrative costs, have been allocated to the Kanawha Valley Collective (KVC) to carry out the activities described above.

Human Rights Fund This fund is a cooperative agreement with HUD for the Fair Housing Assistance Program (FHAP) within the City.

Metro Loan Fund This fund was established to account for funds received from the State for small business loans. Loans are no longer given, however, collection of payments on prior loans are accounted for.

Municipal Beautification Fund This fund was established to account for revenues received from fee charges for clean up of properties within the City and for donations received to be used for beautification of the City.

Municipal Court Fund This fund accounts for monies received for fines and forfeitures.

Municipal Stabilization Fund This fund was established by City Council in accordance with State legislative requirements to account for funds to be maintained as a "rainy day" contingency.

Police & Fire Donations Fund This fund was established to receive private contributions to be utilized for police and fire operations.

Police Grants Fund This fund was established to account for federal grants received from the U.S. Department of Justice to encourage arrest policies and enforcement of protection orders.

Rental Rehabilitation Fund This fund was established to account for loan payments collected from housing rehabilitation clients to MOECD. The rehab program no longer exists, however, this fund still accounts for payments received from loans originating several years ago.

Sister Cities Fund This fund was established to account for revenues expended for the sister cites program.

Solid Waste Fund This fund accounts for the revenues collected from refuse fees and royalties from the contracted landfill operations. This fund also reserves monies for contingency post fund closure landfill cost.

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS (Continued)

Special Demolition Fund This fund accounts for monies to be used for demolition of buildings as necessary within the City.

Supportive Housing Fund This fund accounts for Supporting Housing Grants received to pay salaries for supportive service coordinators and other direct expenses for five shelters.

Wayfinding Commission Fund This fund accounts for funds used for purchase and distribution of signs pointing to specific destinations, sights, and tourist information spots throughout the City. In addition, the Commission has banner programs for community neighborhoods and events.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
ASSETS					
Cash and cash equivalents	$ 274,911	$ 137,587	$ 40,678	$ --	$ 10,524
Receivables:					
Accounts	--	4	--	--	--
Grants	--	--	--	1,634	617
Loans	--	--	--	--	--
Interest	--	--	--	--	--
Due from:					
Other funds	1,039	--	--	--	--
Component units	--	--	--	--	--
Restricted cash	--	--	--	--	--
Total assets	$ 275,950	$ 137,591	$ 40,678	$ 1,634	$ 11,141
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	--	2,405	--	--	3,785
Due to:					
Other funds	--	717	--	1,634	1,069
Deferred revenue:					
Unearned revenue	--	134,469	--	--	6,287
Total liabilities	--	137,591	--	1,634	11,141
Fund balances:					
Reserved for:					
Community development	--	--	40,678	--	--
Public safety	275,950	--	--	--	--
Unreserved	--	--	--	--	--
Total fund balances	275,950	--	40,678	--	--
Total liabilities and fund balances	$ 275,950	$ 137,591	$ 40,678	$ 1,634	$ 11,141

DOT Federal Grant	Employee Health Insurance	EPA Brownfields Grant	FEMA -WV Flood Mitigation	Homeland Security Grant	Homeless Prevention & Rapid Re-Housing	Human Rights
$ --	$ 1,645,639	$ --	$ --	$ 1,408	$ --	$ 212,746
--	--	--	--	--	--	--
216,824	--	14,411	--	--	4,025	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 216,824	$ 1,645,639	$ 14,411	$ --	$ 1,408	$ 4,025	$ 212,746
--	--	14,411	--	1,408	--	1,159
216,824	--	--	--	--	4,025	--
--	--	--	--	--	--	195,367
216,824	--	14,411	--	1,408	4,025	196,526
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	1,645,639	--	--	--	--	16,220
--	1,645,639	--	--	--	--	16,220
$ 216,824	$ 1,645,639	$ 14,411	$ --	$ 1,408	$ 4,025	$ 212,746

Metro Loan	Municipal Beautification	Municipal Court	Municipal Stabilization	Police & Fire Donations	Police Grants	Rental Rehabilitation
$ 6,487	$ 30,558	$ 217,876	$ 114,040	$ 53,099	$ 76,229	$ --
--	--	91,424	--	--	--	--
--	--	--	--	--	133,025	--
111,874	--	--	--	--	--	165,191
58	--	--	--	--	--	42
--	--	--	--	--	710	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 118,419	$ 30,558	$ 309,300	$ 114,040	$ 53,099	$ 209,964	$ 165,233
--	--	66,467	--	1,000	31,456	--
--	--	137,903	--	698	141,640	--
--	--	--	--	--	--	--
--	--	204,370	--	1,698	173,096	--
118,419	--	--	--	--	--	165,233
--	--	--	--	51,401	36,868	--
--	30,558	104,930	114,040	--	--	--
118,419	30,558	104,930	114,040	51,401	36,868	165,233
$ 118,419	$ 30,558	$ 309,300	$ 114,040	$ 53,099	$ 209,964	$ 165,233

Sister Cities	Solid Waste	Special Demolition	Supportive Housing	Wayfinding Commission	Total Nonmajor Special Revenue Funds
$ 1,273	$ 80,484	$ 33,027	$ --	$ 26,894	$ 2,963,460
--	319,858	--	--	--	411,286
--	--	--	18,916	--	389,452
--	--	--	--	--	277,065
--	--	--	--	--	100
--	--	--	--	--	1,749
--	30,963	--	--	--	30,963
--	2,024,453	--	--	--	2,024,453
$ 1,273	$ 2,455,758	$ 33,027	$ 18,916	$ 26,894	$ 6,098,528
--	53,242	--	18,308	--	193,641
--	--	--	608	--	505,118
--	--	--	--	--	336,123
--	53,242	--	18,916	--	1,034,882
--	2,024,453	--	--	26,894	2,375,677
--	--	--	--	--	364,219
1,273	378,063	33,027	--	--	2,323,750
1,273	2,402,516	33,027	--	26,894	5,063,646
$ 1,273	$ 2,455,758	$ 33,027	$ 18,916	$ 26,894	$ 6,098,528

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
REVENUES					
Intergovernmental:					
Federal	$ --	$ 84,998	$ --	$ 1,634	$ 324,578
Charges for services	--	--	--	--	--
Fines and forfeits	266,358	--	--	--	--
Interest and investment earnings	1,380	2,244	252	--	--
Contributions and donations	--	--	500	--	--
Miscellaneous	--	--	--	--	--
Total revenues	267,738	87,242	752	1,634	324,578
EXPENDITURES					
Current:					
General government	--	--	--	--	--
Public safety	50,971	126,412	--	--	324,578
Streets and transportation	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Economic development	--	--	469	1,634	--
Total expenditures	50,971	126,412	469	1,634	324,578
Excess (deficiency) of revenues over (under) expenditures	216,767	(39,170)	283	--	--
OTHER FINANCING SOURCES (USES)					
Transfers in	--	--	20,000	--	--
Transfers (out)	--	--	--	--	--
Refund to Federal Government	--	(9,872)	--	--	--
Total other financing sources (uses)	--	(9,872)	20,000	--	--
Net change in fund balances	216,767	(49,042)	20,283	--	--
Fund balances - beginning	59,183	49,042	20,395	--	--
Fund balances - ending	$ 275,950	$ --	$ 40,678	$ --	$ --

DOT Federal Grant	Employee Health Insurance	EPA Brownfields Grant	FEMA -WV Flood Mitigation	Homeland Security Grant	Homeless Prevention & Rapid Re-Housing	Human Rights
$ 237,187	$ --	$ 46,029	$ 10,561	$ 15,739	$ 4,025	$ 16,617
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	20,394	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
237,187	20,394	46,029	10,561	15,739	4,025	16,617
--	--	--	--	--	--	--
--	--	--	10,561	16,518	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
237,187	--	46,029	--	--	4,025	16,617
237,187	--	46,029	10,561	16,518	4,025	16,617
--	20,394	--	--	(779)	--	--
--	500,000	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	500,000	--	--	--	--	--
--	520,394	--	--	(779)	--	--
--	1,125,245	--	--	779	--	16,220
$ --	$ 1,645,639	$ --	$ --	$ --	$ --	$ 16,220

Metro Loan	Municipal Beautification	Municipal Court	Municipal Stabilization	Police & Fire Donations	Police Grants
$ --	$ --	$ --	$ --	$ --	$ 785,429
--	7,061	--	--	--	--
--	--	923,344	--	--	--
101	371	--	1,422	532	--
--	850	--	--	2,560	--
--	--	--	--	9,403	--
101	8,282	923,344	1,422	12,495	785,429
--	--	338,406	--	--	--
--	--	--	--	3,683	785,429
--	1,761	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	1,761	338,406	--	3,683	785,429
101	6,521	584,938	1,422	8,812	--
--	--	--	23,547	--	--
--	--	(631,120)	--	--	--
--	--	--	--	--	--
--	--	(631,120)	23,547	--	--
101	6,521	(46,182)	24,969	8,812	--
118,318	24,037	151,112	89,071	42,589	36,868
$ 118,419	$ 30,558	$ 104,930	$ 114,040	$ 51,401	$ 36,868

Rental Rehabilitation	Sister Cities	Solid Waste	Special Demolition	Supportive Housing	Wayfinding Commission	Total Nonmajor Special Revenue Funds
$ --	$ --	$ --	$ --	$ 190,290	$ --	$ 1,717,087
--	--	4,075,649	--	--	--	4,082,710
--	--	--	--	--	--	1,189,702
--	15	36,511	389	--	138	63,749
--	--	--	--	--	--	3,910
--	--	--	--	--	--	9,403
--	15	4,112,160	389	190,290	138	7,066,561
--	--	--	--	--	--	338,406
--	--	--	--	--	--	1,318,152
--	--	--	--	--	--	1,761
--	--	1,136,104	--	--	--	1,136,104
145,879	--	--	--	190,290	2,070	644,200
145,879	--	1,136,104	--	190,290	2,070	3,438,623
(145,879)	15	2,976,056	389	--	(1,932)	3,627,938
--	--	--	--	--	20,000	563,547
--	--	(2,850,000)	--	--	--	(3,481,120)
--	--	--	--	--	--	(9,872)
--	--	(2,850,000)	--	--	20,000	(2,927,445)
(145,879)	15	126,056	389	--	18,068	700,493
311,112	1,258	2,276,460	32,638	--	8,826	4,363,153
$ 165,233	$ 1,273	$ 2,402,516	$ 33,027	$ --	$ 26,894	$ 5,063,646

CITY OF CHARLESTON, WEST VIRGINIA
CAPITAL PROJECTS FUNDS

Nonmajor Funds

Ball Park Maintenance Fund This fund is used to account for contributions by the General Fund of $25,000 annually for maintenance and improvements of the ball park in accordance with a contract between the City and West Virginia Power Ball Team.

Ball Park Stadium Fund This fund accounts for receipts of state funds, contributions, and lease proceeds that have been used for the construction of a new ball park within the City.

Bridge Fund This City Council established fund is maintained to account for revenue sources expended for the construction and maintenance of bridges.

City Service Fee Project Fund This fund receives transfers from the General Fund of the city service fee revenues, that are dedicated for street maintenance and infrastructure throughout the City, in order to better provide public accountability for the monies.

Civic Center Capital Improvements Fund This City Council established fund is operated to receive transfers of all capital improvement fees collected at the Civic Center events. These revenue sources are maintained for capital improvements to the Civic Center.

Facilities Maintenance Fund This fund was established to account for various facility renovation projects separately and is funded by transfers from the General Fund.

General Maintenance Fund This City Council established fund is operated to receive transfers from the General Fund to separately account for funds expended for capital improvements.

Infrastructure Fund This City Council established fund is used to maintain revenue sources for capital improvements to infrastructure.

Municipal Auditorium Capital Improvements Fund This City Council established fund is operated to receive capital improvement fees collected at the Municipal Auditorium events to account for funds expended for capital improvements to the Municipal Auditorium.

Soccer Field Fund This City Council established fund is used to receive revenue resources dedicated to improvements of City soccer fields.

South Side Recreation Fund This City Council established fund is used to receive revenue sources dedicated to improvements for recreation on the South Side of Charleston, WV.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2009

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
ASSETS					
Cash and cash equivalents	$ 28,894	$ 177,552	$ 108	$ 1,728,947	$ 260,121
Due from:					
Other funds	--	--	--	70,999	--
Total assets	$ 28,894	$ 177,552	$ 108	$ 1,799,946	$ 260,121
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	--	--	--	518,538	--
Total liabilities	--	--	--	518,538	--
FUND BALANCES					
Reserved for:					
Capital projects	28,894	177,552	108	1,281,408	260,121
Total fund balances	28,894	177,552	108	1,281,408	260,121
Total liabilities and fund balances	$ 28,894	$ 177,552	$ 108	$ 1,799,946	$ 260,121

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,397,938
--	--	--	--	--	--	70,999
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,468,937
9,172	--	--	--	--	--	527,710
9,172	--	--	--	--	--	527,710
193,035	1,772,482	142,847	72,192	3,005	9,583	3,941,227
193,035	1,772,482	142,847	72,192	3,005	9,583	3,941,227
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,468,937

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2009

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
REVENUES					
Charges for services	$ --	$ --	$ --	$ --	$ --
Interest and investment earnings	231	2,204	1	20,640	3,808
Contributions and donations	--	--	--	--	--
Reimbursements	--	--	--	50,441	--
Total revenues	231	2,204	1	71,081	3,808
EXPENDITURES					
Current:					
Capital projects	12,153	9,823	--	2,639,925	--
Total expenditures	12,153	9,823	--	2,639,925	--
Excess (deficiency) of revenues over (under) expenditures	(11,922)	(7,619)	1	(2,568,844)	3,808
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	--	--	1,650,000	99,993
Transfers (out)	--	--	--	--	(201,029)
Total other financing sources (uses)	25,000	--	--	1,650,000	(101,036)
Net change in fund balances	13,078	(7,619)	1	(918,844)	(97,228)
Fund balances - beginning	15,816	185,171	107	2,200,252	357,349
Fund balances - ending	$ 28,894	$ 177,552	$ 108	$ 1,281,408	$ 260,121

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ --	$ --	$ --	$ 33,678	$ --	$ --	$ 33,678
1,042	19,195	1,732	1,706	35	116	50,710
--	9,419	--	--	--	--	9,419
--	--	--	--	--	--	50,441
1,042	28,614	1,732	35,384	35	116	144,248
308,007	299,610	--	--	--	--	3,269,518
308,007	299,610	--	--	--	--	3,269,518
(306,965)	(270,996)	1,732	35,384	35	116	(3,125,270)
500,000	505,000	--	--	--	--	2,779,993
--	(64,784)	--	(104,425)	--	--	(370,238)
500,000	440,216	--	(104,425)	--	--	2,409,755
193,035	169,220	1,732	(69,041)	35	116	(715,515)
--	1,603,262	141,115	141,233	2,970	9,467	4,656,742
$ 193,035	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 3,941,227

CITY OF CHARLESTON, WEST VIRGINIA
DEBT SERVICE FUND

Nonmajor Fund

Debt Service Sinking Fund This fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2009

	Sinking Fund
ASSETS	
Cash and cash equivalents	$ 3,689,446
Receivables:	
Taxes	100,041
Restricted cash	115,330
Total assets	$ 3,904,817
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Deferred revenue:	
Taxes	40,719
Total liabilities	40,719
FUND BALANCE	
Reserved for:	
Debt service	3,864,098
Total fund balance	3,864,098
Total liabilities and fund balance	$ 3,904,817

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Sinking Fund
REVENUES	
Taxes:	
Ad valorem property taxes	$ 1,553,256
Interest and investment earnings	54,856
Total revenues	1,608,112
EXPENDITURES	
Current:	
Principal	1,415,000
Interest	349,162
Total expenditures	1,764,162
Excess (deficiency) of revenues over (under) expenditures	(156,050)
OTHER FINANCING SOURCES (USES)	
Transfers in	359,893
Total other financing sources (uses)	359,893
Net change in fund balance	203,843
Fund balance - beginning	3,660,255
Fund balance - ending	$ 3,864,098

CITY OF CHARLESTON, WEST VIRGINIA
PERMANENT FUND

Nonmajor Fund

Spring Hill Cemetery Fund This fund was created in 1973 by City Council to manage funds received for the perpetual care of Spring Hill Cemetery. The corpus is maintained in trust and the earnings thereon are to be expended for the general care and maintenance of the cemetery.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR PERMANENT FUND
June 30, 2009

	Spring Hill Cemetery
ASSETS	
Cash and cash equivalents	$ 142,600
Investments	1,349,784
Receivables:	
Accrued interest	6,330
Due from:	
Other funds	5,942
Total assets	$ 1,504,656
FUND BALANCE	
Reserved for:	
Perpetual care	1,504,656
Total liabilities and fund balance	$ 1,504,656

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR PERMANENT FUND
For the Fiscal Year Ended June 30, 2009

	Spring Hill Cemetery
REVENUES	
Investment earnings	$ (63,019)
Contributions and donations	982
Total revenues	(62,037)
EXPENDITURES	
Current:	
Social services	32,448
Total expenditures	32,448
Excess (deficiency) of revenues over (under) expenditures	(94,485)
OTHER FINANCING SOURCES (USES)	
Transfers in	34,653
Total other financing sources (uses)	34,653
Net change in fund balance	(59,832)
Fund balance - beginning	1,564,488
Fund balance - ending	$ 1,504,656

CITY OF CHARLESTON, WEST VIRGINIA
AGENCY FUNDS

Civic Center Ticket Fund This fund is custodial in nature and accounts for revenues received from ticket sales for events held at the Civic Center and subsequently dispersed to promoters of the various events.

Civic Center Tourism Grant Fund This fund is custodial in nature and accounts for grant revenues received from the West Virginia Tourism Direct Advertising Grant and dispersed to the various advertising vendors.

Metro Drug Enforcement Task Force Fund This fund is custodial in nature where revenues from forfeitures and donations are held until dispersed to various other City or State Agencies.

Pending Forfeiture Fund This fund is custodial in nature operated to hold revenues from forfeitures until disbursed to appropriate federal or state entity or returned by court order.

Police Asset & Liability Fund This fund is custodial in nature operated by the Charleston Police Department for confiscated property that will normally be refunded upon court order.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2009

	Civic Center Ticket	Civic Center Tourism Grant	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents	$ 1,028,089	$ 8,230	$ 121,556	$ 807,455	$ 6,255	$ 1,971,585
Receivables:						
Accounts	- -	- -	2,484	- -	- -	2,484
Total assets	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069
LIABILITIES						
Refunds payable and others	1,028,089	8,230	124,040	807,455	6,255	1,974,069
Total liabilities	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Fiscal Year Ended June 30, 2009

	Civic Center Ticket	Civic Center Tourism Grant	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents July, 1, 2008	$ 791,432	$ 8,545	$ 55,408	$ 723,047	$ 6,179	$ 1,584,611
Receivables, July 1, 2008	--	--	32,062	119	1	32,182
Additions-Cash	206,046,474	28,023	379,958	208,130	76	206,662,661
Deductions-Cash	(205,809,817)	(28,338)	(313,810)	(123,722)	--	(206,275,687)
Additions-Receivable	--	--	2,484	--	--	2,484
Deductions-Receivable	--	--	(32,062)	(119)	(1)	(32,182)
Cash and cash equivalents June 30, 2009	1,028,089	8,230	121,556	807,455	6,255	1,971,585
Receivables, June 30, 2009	--	--	2,484	--	--	2,484
Total Assets, June 30, 2009	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069
LIABILITIES						
Refunds payable and others July 1, 2008	791,432	8,545	87,470	723,166	6,180	1,616,793
Additions	206,046,474	28,023	250,271	196,501	75	206,521,344
Deductions	(205,809,817)	(28,338)	(213,701)	(112,212)	--	(206,164,068)
June 30, 2009	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069

STATISTICAL SECTION

CITY OF CHARLESTON, WEST VIRGINIA
STATISTICAL SECTION

This part of the City of Charleston's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property, business and occupation taxes and other tax revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's audited financial statements for the relevant year. The City implemented Governmental Accounting Standards Board Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 1
Net Assets by Component -
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Investment in capital assets, net of related debt	$ 48,464,912	$ 55,719,550	$ 66,448,722	$ 68,309,020	$ 71,869,697	$ 69,648,983	$ 74,002,320
Restricted	10,893,812	11,422,818	9,488,250	10,392,753	12,211,193	14,713,465	13,856,864
Unrestricted	(20,073,060)	(16,200,296)	(15,967,485)	(20,756,708)	(32,287,210)	(39,331,088)	(54,220,231)
Total governmental activities net assets	$ 39,285,664	$ 50,942,072	$ 59,969,487	$ 57,945,065	$ 51,793,680	$ 45,031,360	$ 33,638,953
Business-type activities							
Investment in capital assets, net of related debt	9,576,130	9,135,802	10,485,290	10,907,278	10,854,966	10,508,737	10,969,959
Restricted	371,033	3,597,002	1,855,216	1,967,296	1,989,077	2,055,937	2,132,493
Unrestricted	(284,787)	(137,205)	196,325	140,807	298,804	739,912	826,246
Total business-type activities	$ 9,662,376	$ 12,595,599	$ 12,536,831	$ 13,015,381	$ 13,142,847	$ 13,304,586	$ 13,928,698
Primary government							
Investment in capital assets, net of related debt	58,441,042	64,855,352	76,934,012	79,216,302	82,724,663	80,157,720	84,972,279
Restricted	14,603,845	15,019,820	11,343,466	12,360,049	14,200,270	16,769,402	15,989,357
Unrestricted	(20,357,847)	(16,337,501)	(15,771,160)	(20,615,905)	(31,988,406)	(38,591,176)	(53,393,985)
Total primary government net assets	$ 52,687,040	$ 63,537,671	$ 72,506,318	$ 70,960,446	$ 64,936,527	$ 58,335,946	$ 47,567,651

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 2
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities							
General government	$ 16,007,554	$ 12,892,126	$ 18,117,093	$ 15,595,021	$ 16,226,688	$ 15,897,074	$ 14,941,103
Public safety	31,452,519	34,016,023	34,256,666	35,437,345	39,543,593	48,241,928	52,108,035
Streets and transportation	5,535,598	6,173,346	3,185,260	6,454,730	7,993,195	8,346,954	11,294,498
Health and sanitation	4,021,705	4,503,132	3,672,291	4,302,817	5,354,317	5,207,158	6,091,526
Culture and recreation	4,786,629	4,659,938	5,930,600	6,962,595	6,378,521	6,675,344	7,514,740
Social services	803,574	648,972	637,832	666,342	360,025	822,953	850,858
Economic development	1,814,596	1,494,515	2,351,533	2,746,483	3,358,208	2,995,622	2,024,572
Administrative and general	24,095	-	-	-	-	-	-
Interest on long-term debt	972,348	724,960	1,082,377	982,256	881,524	58,003	920,328
Total governmental activities	65,418,618	65,113,012	69,233,652	73,147,589	80,096,071	88,245,036	95,745,660
Business-type activities							
Civic center	3,703,883	4,041,658	4,266,734	4,515,951	4,735,314	4,889,784	4,846,625
Parking system	3,601,138	3,522,269	3,347,906	3,141,969	3,233,036	3,140,715	3,000,020
Total business-type activities	7,305,021	7,563,927	7,614,640	7,657,920	7,968,350	8,030,499	7,846,645
Total primary government	$ 72,723,639	$ 72,676,939	$ 76,848,292	$ 80,805,509	$ 88,064,421	$ 96,275,535	$ 103,592,305
Program revenues							
Governmental activities							
Charges for services							
General government	12,212,222	4,167,161	5,926,506	3,621,630	3,708,650	3,535,513	3,456,574
Public safety	22,898	5,563,713	5,718,864	5,575,741	6,837,529	8,163,860	8,569,748
Culture and recreation	56,114	124,499	140,381	113,375	129,364	95,038	120,618
Streets and transportation	-	3,981	4,858	2,183,248	1,615,441	2,071,313	2,639,926
Health and sanitation	-	4,070,540	4,382,690	4,024,738	4,167,357	4,193,130	4,103,198
Economic development	-	-	2,252	-	-	-	-
Social services	-	131,898	154,468	194,080	213,931	191,635	161,208
Operating grants and contributions	3,421,187	5,136,988	4,802,708	4,720,285	4,730,700	9,541,628	8,572,211
Capital grants and contributions	3,072,562	11,506,048	5,075,683	2,194,445	2,107,864	1,471,975	1,509,503
Total governmental activities program revenues	18,784,983	30,704,828	26,208,410	22,627,542	23,510,836	29,264,092	29,132,986

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities							
Charges for services							
Rentals	$ 2,845,573	$ 3,402,583	$ 3,504,671	$ 3,488,733	$ 3,653,123	$ 3,572,936	$ 3,663,108
Catering services	574,527	533,695	966,151	683,345	722,995	698,859	627,378
Parking violations	301,391	545,797	454,985	525,906	606,142	690,898	561,973
Parking meters	491,997	505,994	492,123	486,990	529,717	550,322	501,244
Other	746,539	732,283	847,534	827,436	874,709	1,105,029	1,074,676
Capital grants and contributions	5,253	63,615	26,032	40,334	73,344	224,125	48,387
Total business-type activities program revenues	4,965,280	5,783,967	6,291,496	6,052,744	6,460,030	6,842,169	6,476,766
Net (expense) revenue							
Governmental activities	(46,633,635)	(34,408,184)	(43,025,242)	(50,520,047)	(56,585,235)	(58,980,944)	(66,612,674)
Business-type activities	(2,339,741)	(1,779,960)	(1,323,144)	(1,605,176)	(1,508,320)	(1,188,330)	(1,369,879)
Total primary government net (expense) revenue	$ (48,973,376)	$ (36,188,144)	$ (44,348,386)	$ (52,125,223)	$ (58,093,555)	$ (60,169,274)	$ (67,982,553)
General revenues and other changes in net assets							
Governmental activities							
Taxes							
Property taxes	10,800,459	9,846,179	10,499,462	9,898,401	10,389,006	10,355,037	10,541,473
Business and occupation taxes	31,619,878	32,820,776	32,863,908	33,681,586	35,567,872	36,666,641	39,691,857
Utility taxes	1,828,769	2,118,914	2,017,526	2,140,036	2,120,895	2,307,808	2,776,258
Hotel occupancy taxes	1,042,551	1,034,995	1,143,828	2,311,414	2,433,977	2,567,145	2,779,180
Other taxes	835,165	1,019,372	710,085	967,036	768,397	1,048,092	1,050,431
Unrestricted grants and contributions	15,766	100	2,000	-	-	-	-
Investment earnings	118,440	89,052	195,021	411,672	445,379	336,531	151,378
Gain (Loss) on sale of capital assets	100,251	59,158	5,768,495	709,370	162,017	129,838	168,333
Miscellaneous	15,446	2,156	404	37,031	224	-	-
Special item-legal settlement	-	-	-	300,978	-	-	-
Transfers	(1,810,573)	(1,326,110)	(1,148,072)	(1,961,899)	(1,453,917)	(1,192,468)	(1,938,643)
Total governmental activities	44,566,152	45,664,592	52,052,657	48,495,625	50,433,850	52,218,624	55,220,267

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities							
Investment earnings	$ 112,953	$ 47,948	$ 116,038	$ 120,926	$ 176,954	$ 157,601	$ 52,842
Miscellaneous	(2,947)	125	267	900	4,915	-	2,506
Transfers	1,810,573	1,326,109	1,148,072	1,961,899	1,453,917	1,192,468	1,938,643
Total business-type activities	1,920,579	1,374,182	1,264,377	2,083,725	1,635,786	1,350,069	1,993,991
Total primary government	46,486,731	47,038,774	53,317,034	50,579,350	52,069,636	53,568,693	57,214,258
Change in net assets							
Governmental activities	(2,067,483)	11,256,408	9,027,415	(2,024,422)	(6,151,385)	(6,762,320)	(11,392,407)
Business-type activities	(419,162)	(405,778)	(58,767)	478,549	127,466	161,739	624,112
Total primary government	$ (2,486,645)	$ 10,850,630	$ 8,968,648	$ (1,545,873)	$ (6,023,919)	$ (6,600,581)	$ (10,768,295)

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	$ 1,340,740	$ 207,189	$ 386,378	$ 786,001	$ 3,849,291	$ 6,097,480	$ 3,321,573	$ 4,086,968	$ 4,538,744	$ 5,980,683
Unreserved	7,799,077	7,949,764	10,217,347	10,770,000	12,733,620	14,391,977	14,665,775	14,083,621	15,036,189	16,752,131
Total general fund	$ 9,139,817	$ 8,156,953	$ 10,603,725	$ 11,556,001	$ 16,582,911	$ 20,489,457	$ 17,987,348	$ 18,170,589	$ 19,574,933	$ 22,732,814
All other governmental funds										
Reserved	9,090,857	11,030,994	10,022,027	8,168,578	9,419,244	7,420,690	9,754,460	10,918,600	12,607,962	12,232,572
Unreserved, reported in:										2,323,750
Special revenue funds	1,065,521	853,424	199,302	450,603	593,582	1,021,116	1,717,429	1,729,893	1,836,210	-
Total all other Governmental funds	$ 10,156,378	$ 11,884,418	$ 10,221,329	$ 8,619,181	$ 10,012,826	$ 8,441,806	$ 11,471,889	$ 12,648,493	$ 14,444,172	$ 14,556,322

For comparability from year to year, the fiscal years 2000 through 2002 include Spring Hill Cemetery, that was classified as nonexpendable trust and Municipal Court classified as an expendable trust fund until implementation of GASB 34 effective for the fiscal year ended June 30, 2003. Spring Hill Cemetery became a Permanent Fund and Municipal Court became a Special Revenue Fund which are governmental funds.

CITY OF CHARLESTON, WEST VIRGINIA

Table 4

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	$ 42,089,550	$ 43,380,813	$ 44,007,787	$ 45,950,963	$ 46,654,270	$ 46,430,717	$ 49,242,614	$ 51,334,552	$ 53,028,638	$ 57,051,587
Licenses and permits	1,182,805	1,022,220	1,187,156	1,300,538	1,506,119	1,406,671	1,507,731	1,585,869	1,455,775	1,731,941
Fines and forfeitures	42,593	-	-	736,997	958,049	1,237,831	1,425,243	1,334,183	1,206,087	1,189,702
Charges for services	5,008,778	8,533,508	9,208,473	9,854,411	11,420,219	13,242,403	12,545,403	13,455,536	15,318,855	16,141,496
Intergovernmental	4,601,036	6,280,671	5,079,259	6,683,885	15,992,003	8,696,949	5,595,090	4,928,969	9,438,800	8,423,241
Investment earnings	877,084	611,407	1,783,495	253,535	285,676	549,103	818,789	1,184,506	778,985	400,498
Other revenues	3,390,532	2,177,551	296,932	1,087,700	1,742,909	2,109,403	2,098,938	2,426,221	2,370,284	2,419,634
Total revenues	57,192,378	62,006,170	61,563,102	65,868,029	78,559,245	73,673,077	73,233,808	76,249,836	83,597,424	87,358,099
Expenditures										
General government	8,976,103	9,114,612	12,358,471	10,520,913	10,441,852	12,386,355	12,680,635	14,029,365	15,247,865	14,766,228
Public safety	27,979,123	28,051,845	26,808,819	26,094,332	27,419,019	30,988,041	32,091,386	32,351,932	38,115,187	38,850,635
Streets & transportation	4,566,118	4,729,577	5,024,285	5,148,866	5,352,417	6,369,531	6,517,185	7,007,636	7,795,553	8,269,936
Health & sanitation	4,468,889	4,534,159	3,896,761	3,714,943	4,048,560	4,579,408	4,976,157	5,090,595	5,248,854	5,639,276
Culture & recreation	4,004,158	3,947,486	3,705,715	4,209,369	11,838,552	4,463,030	5,453,355	5,852,014	5,816,312	6,421,350
Economic development	2,612,439		-	4,882,570	5,673,238	2,990,521	3,640,671	4,043,828	4,004,487	3,616,919
Social services	1,271,407	5,185,443	1,590,703	762,201	584,404	647,150	665,296	856,383	828,870	795,455
Capital outlay	4,834,992	2,044,730	2,315,862	8,507,509	5,041,945	22,074,584	5,011,702	3,311,765	1,980,606	3,269,518
Debt service:										-
Principal	1,449,793	1,550,620	1,645,965	1,740,766	1,104,052	1,183,247	1,517,603	1,651,681	1,761,291	1,881,447
Interest	1,166,586	1,075,033	974,550	879,354	840,682	735,873	1,079,040	979,118	873,674	919,824
Total expenditures	61,329,608	60,233,505	58,321,131	66,460,823	72,344,721	86,417,740	73,633,030	75,174,317	81,672,699	84,430,588
Excess of revenues over (under) expenditures	(4,137,230)	1,772,665	3,241,971	(592,794)	6,214,524	(12,744,663)	(399,222)	1,075,519	1,924,725	2,927,511
Special item-legal settlement	-	-	-	-	-	-	300,978	-	-	-
Other financing sources (uses)										
Proceeds from borrowing	-	-	-	1,000,000	1,532,141	10,116,502	1,573,000	1,317,227	2,326,542	2,161,000
Transfers in	2,359,575	2,876,444	3,672,484	6,809,247	13,675,581	15,311,778	10,755,743	8,002,458	7,159,465	7,388,416
Transfers out	(2,660,216)	(244,566)	(5,173,750)	(8,619,820)	(15,001,691)	(16,459,853)	(12,573,603)	(9,209,992)	(8,347,666)	(9,301,832)
Other	-	-	(101,743)	75,100	-	6,111,760	871,075	174,632	136,957	94,936
Total other financing sources (uses)	(300,641)	2,631,878	(1,603,009)	(735,473)	206,031	15,080,187	626,215	284,325	1,275,298	342,520
Net change in fund balance	(4,437,871)	4,404,543	1,638,962	(1,328,267)	6,420,555	2,335,524	527,971	1,359,844	3,200,023	3,270,031
Debt service as a percentage of noncapital expenditures	5%	5%	5%	5%	3%	3%	4%	4%	3%	3%

Fines & Forfeitures were included in transfers in from the Municipal Court prior to the implementation of GASB 34 for the Fiscal Year Ended June 30, 2003.
General Fund Capital Expenditures in a few years were included with the categories.
Classifications of Revenues and Expenditures were changed from year to year.

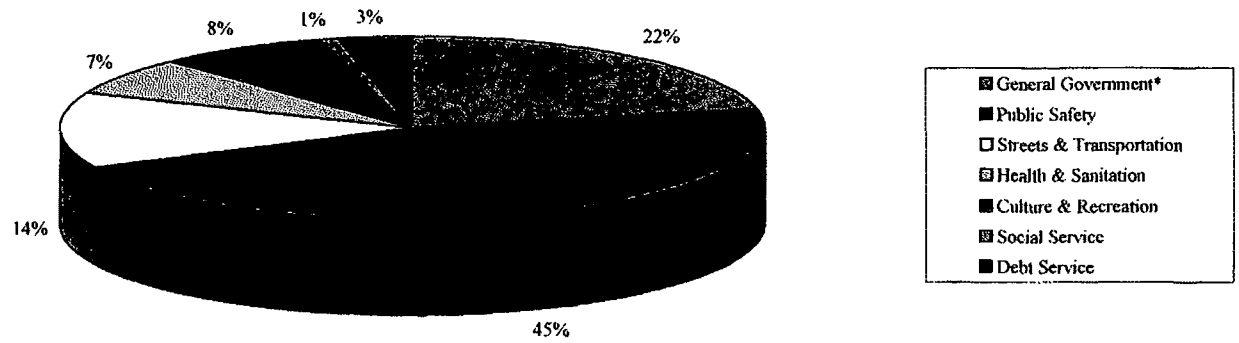
CITY OF CHARLESTON, WEST VIRGINIA
Table 5
Expenditures By Function - Governmental Fund Types - For the Last Ten Fiscal Years

Fiscal Year	General Government*	Public Safety	Streets & Transportation	Health & Sanitation	Culture & Recreation	Social Service	Debt Service	Total
2000	$ 13,811,098	$ 28,012,413	$ 4,566,118	$ 4,468,889	$ 4,684,300	$ 800,279	$ 2,616,379	$ 58,959,476
2001	11,116,089	28,087,348	4,729,577	4,534,159	4,660,454	768,317	2,625,653	56,521,597
2002	11,874,851	26,827,964	5,024,285	3,896,761	4,481,027	843,389	2,620,515	55,568,792
2003	16,188,083	27,673,867	5,992,898	4,003,528	4,331,771	779,292	2,620,120	61,589,559
2004	16,786,059	28,759,664	6,090,358	4,503,661	4,136,695	625,152	1,944,734	62,846,323
2005	15,376,877	30,988,041	6,369,531	4,579,408	4,463,030	647,150	1,919,120	64,343,157
2006	16,321,306	32,091,386	6,517,185	4,976,157	5,453,355	665,296	2,596,643	68,621,328
2007	18,073,193	32,351,932	7,007,636	5,090,595	5,852,014	856,383	2,630,799	71,862,552
2008	19,252,352	38,115,187	7,795,553	5,248,854	5,816,312	828,870	2,634,965	79,692,093
2009	18,383,147	38,850,635	11,539,454	5,639,276	6,421,350	795,455	2,801,271	84,430,588

Includes General Fund, Special Revenue Funds and Debt Service Fund

*Includes expenditures for economic development

Expenditures by Function - Governmental Fund Types for the Current Year

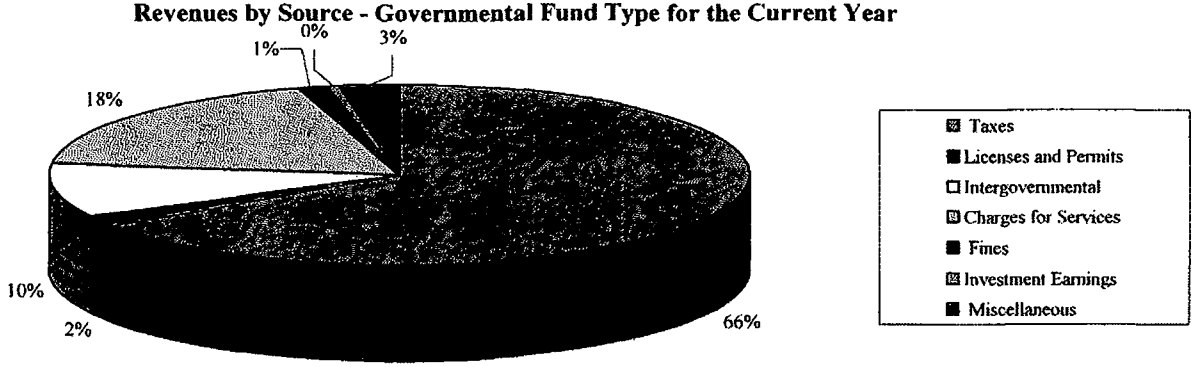


CITY OF CHARLESTON, WEST VIRGINIA
Table 6
Revenues By Source - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines	Investment Earnings	Miscellaneous	Total
2000	$ 42,301,042	$ 996,157	$ 4,601,036	$ 5,008,778	$ 515,577	$ 756,930	$ 3,187,980	$ 57,367,500
2001	42,973,988	1,012,299	6,280,671	8,382,185	443,906	550,378	1,330,120	60,973,547
2002	42,949,413	1,187,156	5,079,259	8,409,624	512,910	502,177	1,243,416	59,883,955
2003	45,950,963	1,300,538	6,683,885	9,854,411	736,997	197,678	942,927	65,667,399
2004	46,654,270	1,506,119	15,307,826	11,272,407	1,036,914	233,624	1,847,187	77,858,347
2005	46,430,717	1,406,671	8,696,949	13,209,907	1,237,831	429,158	1,999,821	73,411,054
2006	49,242,614	1,507,731	5,588,637	12,536,018	1,425,243	772,955	2,058,036	73,131,234
2007	51,334,552	1,585,869	4,928,969	13,423,005	1,334,183	1,088,606	2,206,694	75,901,878
2008	53,028,638	1,455,775	9,438,600	15,304,291	1,206,087	643,072	2,175,928	83,252,391
2009	57,051,587	1,731,941	8,423,241	16,141,496	1,189,702	400,498	2,419,634	87,358,099

Includes General Fund, Special Revenue Funds, and Debt Service Fund

Revenues by Source - Governmental Fund Type for the Current Year



CITY OF CHARLESTON, WEST VIRGINIA
Table 7
Detailed Revenues From Taxes - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Year	Property Tax	Business & Occupation Tax	Utility Tax	Consumer Sales Tax Liquor	Hotel Occupancy Tax	Amusement Tax	Miscellaneous Taxes	Total
2000	$ 8,973,825	$ 29,884,642	$ 1,844,282	$ 487,448	$ 967,708	$ 120,958	$ 22,179	$ 42,301,042
2001	9,934,635	29,527,633	1,910,094	485,955	978,270	116,548	20,853	42,973,988
2002	10,599,134	28,259,242	2,194,803	661,348	1,101,583	105,954	27,349	42,949,413
2003	10,800,456	31,619,878	1,828,767	371,664	1,042,551	264,742	22,905	45,950,963
2004	9,820,894	32,820,776	2,118,914	625,700	1,034,995	201,089	31,902	46,654,270
2005	9,844,571	32,714,707	2,017,526	474,137	1,143,828	190,822	45,126	46,430,717
2006	10,142,543	33,681,586	2,140,036	746,717	2,311,414	163,005	57,314	49,242,615
2007	10,443,411	35,567,872	2,120,895	551,366	2,433,977	161,559	55,472	51,334,552
2008	10,438,952	36,666,641	2,307,808	800,647	2,567,145	187,168	60,277	53,028,638
2009	10,753,861	39,691,857	2,776,258	778,890	2,779,180	203,751	67,790	57,051,587

CITY OF CHARLESTON, WEST VIRGINIA
Table 8
Property Tax Levies and Collections - General Fund -
For the Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2000	$ 6,183,592	$ 5,857,584	94.73%	$ 441,408	$ 6,298,992	101.87%	$ 421,268	6.81%
2001	7,008,126	6,000,772	85.63%	551,912	6,552,684	93.50%	461,146	6.58%
2002	7,620,982	6,594,784	86.53%	538,483	7,133,267	93.60%	501,473	6.58%
2003	7,734,464	6,763,663	87.45%	693,878	7,457,541	96.42%	508,940	6.58%
2004	7,715,097	9,187,869	119.09%	633,025	9,820,894	127.29%	506,278	6.56%
2005	7,875,027	6,912,926	87.78%	1,386,381	8,299,307	105.39%	515,819	6.55%
2006	7,983,561	8,261,230	103.48%	322,779	8,584,009	107.52%	510,092	6.39%
2007	8,309,807	8,327,767	100.22%	548,019	8,875,786	106.81%	470,677	5.66%
2008	8,393,656	8,540,242	101.75%	344,519	8,884,761	105.85%	406,484	4.84%
2009	8,647,733	10,291,372	119.01%	462,489	10,753,861	124.35%	231,842	2.68%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class - Fiscal Years 2009, 2008, 2007, 2006 and 2005

Fiscal Year 2009

	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	11	0.16% $	450	0.00%
2	Manufacturing	0.30%	48	0.72%	344,110	0.91%
3	Retailers	0.50%	1,200	17.96%	7,452,717	19.60%
4	Wholesalers	0.15%	485	7.26%	1,178,090	3.10%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.03%	1,428,790	3.76%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.01%	850,516	2.24%
7	Natural Gas Companies	3.00%	3	0.04%	1,139,275	3.00%
8	Water Companies	4.00%	1	0.01%	731,205	1.92%
9	All Other Public Utilities	2.00%	4	0.06%	46,358	0.12%
10	Contracting	2.00%	847	12.67%	3,197,120	8.41%
11	Amusement	0.50%	42	0.63%	81,854	0.22%
12	Service & All Other Businesses	1.00%	2,295	34.34%	17,119,132	45.02%
13	Rents and Royalties	1.00%	1,683	25.18%	2,450,421	6.44%
14	Banking and Other Financial Institutions	1.00%	61	0.91%	2,002,652	5.27%
	Totals		6,683	100.00% $	38,022,690	100.00%

Fiscal Year 2008

	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	10	0.16% $	3,921	0.01%
2	Manufacturing	0.30%	54	0.85%	362,330	1.06%
3	Retailers	0.50%	1,177	18.49%	6,851,776	20.02%
4	Wholesalers	0.15%	450	7.07%	1,214,168	3.55%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.02%	1,326,877	3.88%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	792,692	2.32%
7	Natural Gas Companies	3.00%	2	0.03%	890,233	2.60%
8	Water Companies	4.00%	1	0.02%	656,817	1.92%
9	All Other Public Utilities	2.00%	4	0.06%	81,902	0.24%
10	Contracting	2.00%	763	11.99%	3,264,605	9.54%
11	Amusement	0.50%	46	0.72%	302,396	0.88%
12	Service & All Other Businesses	1.00%	2,153	33.83%	14,381,469	42.01%
13	Rents and Royalties	1.00%	1,627	25.57%	2,102,504	6.14%
14	Banking and Other Financial Institutions	1.00%	75	1.18%	1,999,636	5.84%
	Totals		6,364	100.00% $	34,231,326	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2007				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	15	0.23%	$ 2,999	0.01%
2	Manufacturing	0.30%	58	0.91%	350,353	1.05%
3	Retailers	0.50%	1,167	18.24%	7,007,495	21.08%
4	Wholesalers	0.15%	428	6.69%	1,048,908	3.16%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	3	0.05%	1,216,064	3.66%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	548,390	1.65%
7	Natural Gas Companies	3.00%	3	0.05%	973,137	2.93%
8	Water Companies	4.00%	2	0.03%	657,833	1.98%
9	All Other Public Utilities	2.00%	7	0.11%	78,230	0.24%
10	Contracting	2.00%	811	12.68%	3,055,984	9.19%
11	Amusement	0.50%	45	0.70%	342,871	1.03%
12	Service & All Other Businesses	1.00%	2,129	33.28%	13,618,532	40.97%
13	Rents and Royalties	1.00%	1,671	26.12%	2,168,817	6.53%
14	Banking and Other Financial Institutions	1.00%	58	0.91%	2,168,322	6.52%
	Totals		6,398	100.00%	$ 33,237,935	100.00%

		Fiscal Year 2006				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	14	0.20%	$ 10,056	0.03%
2	Manufacturing	0.30%	71	1.02%	362,036	1.07%
3	Retailers	0.50%	1,365	19.57%	6,799,683	20.19%
4	Wholesalers	0.15%	464	6.65%	916,554	2.72%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	5	0.07%	1,181,517	3.51%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	2	0.03%	742,428	2.20%
7	Natural Gas Companies	3.00%	4	0.06%	865,231	2.57%
8	Water Companies	4.00%	2	0.03%	659,616	1.96%
9	All Other Public Utilities	2.00%	3	0.04%	3,409	0.01%
10	Contracting	2.00%	867	12.43%	3,387,279	10.06%
11	Amusement	0.50%	50	0.72%	384,539	1.14%
12	Service & All Other Businesses	1.00%	2,273	32.58%	14,364,904	42.65%
13	Rents and Royalties	1.00%	1,792	25.69%	2,074,824	6.16%
14	Banking and Other Financial Institutions	1.00%	64	0.92%	1,929,559	5.73%
	Totals		6,976	100.00%	$ 33,681,635	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2005				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	16	0.22%	$ 15,049	0.05%
2	Manufacturing	0.30%	79	1.11%	335,813	1.03%
3	Retailers	0.50%	1,360	19.09%	6,781,563	20.89%
4	Wholesalers	0.15%	483	6.78%	803,359	2.47%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.01%	1,116,703	3.44%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	3	0.04%	865,422	2.67%
7	Natural Gas Companies	3.00%	4	0.06%	438,162	1.35%
8	Water Companies	4.00%	1	0.01%	586,135	1.81%
9	All Other Public Utilities	2.00%	6	0.08%	44,245	0.14%
10	Contracting	2.00%	791	11.10%	3,573,848	11.01%
11	Amusement	0.50%	58	0.81%	376,528	1.16%
12	Service & All Other Businesses	1.00%	2,383	33.46%	13,757,357	42.37%
13	Rents and Royalties	1.00%	1,866	26.20%	1,981,182	6.10%
14	Banking and Other Financial Institutions	1.00%	72	1.01%	1,792,896	5.52%
	Totals		7,123	100.00%	$ 32,468,262	100.00%

Source: City of Charleston Revenue System

The City of Charleston imposes a Business and Occupation tax upon all business performed within the City of Charleston. Non-profit organizations are exempt from this tax. The tax is calculated by multiplying the classification(s) rate times the business' gross receipts. The City presents only five years of data instead of ten because our current customized revenue system was implemented in the fiscal year 2005 which allowed extraction of this data in summary form.

CITY OF CHARLESTON, WEST VIRGINIA
Table 10
Ratio of Outstanding General Obligation Bonds to Assessed Value, Estimated Actual Taxable Value and Net Debt Per Capita - For the Last Ten Fiscal Years

Fiscal Year	Assessed Value	Estimated Actual Taxable Value of Property	Gross Bonded Debt	Debt Service Fund	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2000	$ 2,127,257,787	$ 1,276,354,672	$ 12,442,351	$ 1,656,423	$ 10,785,928	0.51%	0.85%	202
2001	2,221,087,692	1,332,652,615	10,981,731	1,989,499	8,992,232	0.40%	0.67%	169
2002	2,452,868,321	1,471,720,993	9,435,766	2,224,206	7,211,560	0.29%	0.49%	137
2003	2,479,903,422	1,487,942,053	7,795,000	2,474,126	5,320,874	0.21%	0.36%	102
2004	2,454,272,860	1,472,563,716	6,910,000	2,589,805	4,320,195	0.18%	0.29%	83
2005	2,499,526,545	1,499,715,927	5,955,000	2,761,237	3,193,763	0.13%	0.21%	62
2006	2,531,327,042	1,518,796,225	4,930,000	2,955,244	1,974,756	0.08%	0.13%	39
2007	2,623,069,250	1,573,841,550	3,830,000	3,346,560	483,440	0.02%	0.03%	10
2008	2,651,836,470	1,591,101,882	2,645,000	3,622,601	(977,601)	-0.04%	-0.06%	(19)
2009	2,771,067,257	1,662,640,354	1,370,000	3,785,755	(2,415,755)	-0.09%	-0.15%	(48)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Assessed value does not include exempt property. The Kanawha County Assessor estimates actual taxable value of property at sixty percent.
Population data can be found in the Table of Demographic Statistics.

CITY OF CHARLESTON, WEST VIRGINIA
Table 11
Ratio of Outstanding Debt by Type -
For the Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2000	$ 12,442,351	$ 4,325,000	$ 3,603,497	$ 22,413,842	$ -	$ 42,784,690	30.85%	800
2001	10,981,731	4,235,000	4,149,658	21,811,928	87,742	41,266,059	27.91%	774
2002	9,435,766	4,135,000	3,785,174	21,135,016	67,765	38,558,721	25.68%	733
2003	7,795,000	5,228,274	3,483,971	20,413,104	83,754	37,004,103	24.63%	712
2004	6,910,000	5,115,948	3,351,270	19,641,190	47,913	35,066,321	22.92%	677
2005	5,955,000	4,887,701	11,705,822	18,076,489	15,787	40,640,799	25.39%	787
2006	4,930,000	4,650,098	11,491,961	17,056,779	-	38,128,838	22.54%	745
2007	3,830,000	4,418,825	10,987,881	16,007,070	-	35,243,776	19.82%	694
2008	2,645,000	4,147,126	11,261,072	14,917,361	-	32,970,559	17.93%	653
2009	1,370,000	3,875,679	11,232,515	13,782,652	-	30,260,846	15.82%	599

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Table 13 on Demographic Statistics for personal income and population data.

CITY OF CHARLESTON, WEST VIRGINIA
Table 12
Revenue Bond Coverage - Civic Center Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				General Fund & Coal Severance Subsidy
				Principal	Interest	Total	Coverage	
2000	$ 1,867,185	$ 2,277,377	$ (410,192)	$ 80,000	$ 356,854	$ 436,854	-93.90%	730,393
2001	1,855,981	2,189,865	(333,884)	150,000	529,130	679,130	-49.16%	1,160,028
2002	1,707,687	1,995,034	(287,347)	195,000	407,515	602,515	-47.69%	1,162,232
2003	2,230,497	2,403,291	(172,794)	210,000	511,434	721,434	-23.95%	1,112,067
2004	2,213,020	3,507,409	(1,294,389)	220,000	510,913	730,913	-177.09%	1,140,375
2005	2,801,245	3,758,036	(956,791)	230,000	504,424	734,424	-130.28%	1,091,309
2006	2,533,883	4,019,922	(1,486,039)	245,000	475,718	720,718	-206.19%	1,137,268
2007	2,848,127	4,252,177	(1,404,050)	255,000	465,415	720,415	-194.89%	1,081,807
2008	3,063,446	4,422,167	(1,358,721)	270,000	519,124	789,124	-172.18%	1,121,463
2009	2,823,229	4,391,541	(1,568,312)	280,000	434,949	714,949	-219.36%	1,812,381

CITY OF CHARLESTON, WEST VIRGINIA
Table 13
Revenue Bond Coverage - Parking System Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2000	$ 3,242,592	$ 1,414,248	$ 1,828,344	$ 525,000	$ 956,408	$ 1,481,408	123.42%
2001	3,547,799	1,440,989	2,106,810	555,000	929,638	1,484,638	141.91%
2002	3,232,847	1,444,653	1,788,194	585,000	900,148	1,485,148	120.41%
2003	2,844,789	1,524,145	1,320,644	615,000	867,995	1,482,995	89.05%
2004	3,619,020	2,506,190	1,112,830	655,000	830,341	1,485,341	74.92%
2005	3,606,556	2,473,235	1,133,321	875,000	839,929	1,714,929	66.09%
2006	3,784,728	2,591,777	1,192,951	890,000	449,604	1,339,604	89.05%
2007	4,040,726	2,716,769	1,323,957	910,000	421,403	1,331,403	99.44%
2008	3,940,591	2,653,197	1,287,394	935,000	390,455	1,325,455	97.13%
2009	3,734,111	2,546,844	1,187,267	970,000	356,450	1,326,450	89.51%

CITY OF CHARLESTON, WEST VIRGINIA
Table 14
Demographic Statistics - Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2000	53,484	$ 1,386,840	$ 25,934	4.4
2001	53,340	1,478,051	27,713	4.3
2002	52,610	1,501,489	28,549	4.8
2003	51,971	1,501,962	28,901	4.8
2004	51,813	1,529,520	29,526	4.3
2005	51,648	1,600,055	30,989	4.2
2006	51,156	1,691,217	33,068	4.6
2007	50,773	1,778,070	35,027	4.3
2008	50,478	1,838,409	36,533	4.0
2009	50,478	1,912,107	38,104	8.1

Real Estate Center at Texas A&M University
Bureau of Economic Analysis/U.S. Department of Commerce
Personal Income is based on an average annual growth rate of TPI of 4.0%
Per Capital Income is based on an average annual growth rate of PCPI of 4.3%

CITY OF CHARLESTON, WEST VIRGINIA
Table 15
Legal Debt Margin Information - Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	$ 2,771,067,257
Debt limit (5% of assessed value)	138,553,363
Debt applicable to limit:	
General obligation bonds	1,370,000
Less: amount set aside for repayment of general obligation debt	3,785,755
Total net debt applicable to limit	2,415,755
Legal debt margin	$ 140,969,118

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 96,393,094	$ 101,040,920	$ 112,412,476	$ 113,745,197	$ 112,773,976	$ 114,708,065	$ 115,320,129	$ 119,639,489	$ 132,591,824	$ 138,553,363
Total debt applicable to limit	12,442,351	10,981,731	9,435,766	7,795,000	6,910,000	5,955,000	4,930,000	3,830,000	2,645,000	1,370,000
Legal debt margin	$ 85,577,166	$ 92,048,688	$ 105,200,915	$ 108,424,323	$ 108,453,781	$ 111,514,302	$ 113,430,666	$ 119,156,049	$ 133,569,425	$ 140,969,118
Total net debt applicable to the limit as a percentage of debt limit	15%	12%	9%	7%	6%	5%	4%	3%	2%	1%

Note: Under State finance law, WV State Code §13-1-3, the City's outstanding debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

CITY OF CHARLESTON, WEST VIRGINIA
Table 16
Employment/Unemployment and Change - Last Ten Fiscal Years

Date	Employment Total	Employment % Change Year Ago	Unemployment Rate	Unemployment Unit Change Year Ago
2000	25,241	-11.7	4.4	-0.3
2001	24,880	-1.4	4.3	-0.2
2002	24,277	-2.4	4.8	0.5
2003	23,738	-2.2	4.8	0.0
2004	23,785	0.2	4.3	-0.5
2005	23,791	0.0	4.2	0.0
2006	23,950	0.7	4.6	0.4
2007	24,068	0.5	4.3	-0.3
2008	24,033	-0.1	4.0	-0.3
2009	22,916	-4.6	8.1	4.1

U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

CITY OF CHARLESTON, WEST VIRGINIA
Table 17
Kanawha County
Ten Largest Employers in Kanawha County and Rank -
June 30, 2009 and 2000

	2009			2000
Rank	Company Name	Total Employees	Employee Percentage	Company Name
1	Charleston Area Medical Center, Inc.	6,000	29%	Kanawha County Board of Education
2	Kanawha County Board of Education	5,000	24%	Charleston Area Medical Center
3	US Postal Service	4,000	19% **	Union Carbide Corporation
4	Herbert J. Thomas Memorial Hospital Association	1,300	6%	Minneapolis Postal Data Center
5	Wal-Mart Associates, Inc.	1,000	5% **	Wal-Mart Associates, Inc.
6	West Virginia Department of Highways	1,000	5% **	Herbert J. Thomas Memorial Hospital Association
7	City of Charleston Municipality	802	4%	The Kroger Company
8	The Kroger Company	700	3% **	Ticketmaster, LLC
9	West Virginia Department of Health and Human Resources	500	2% **	WV Department of Highways
10	Charleston Hospital, Inc. (St. Francis Hospital)	500	2% **	Mayflower Vehicle Systems, Inc.
	Total	20,802	100%	

Workforce West Virginia, an agency of the Department of Commerce

**This information is unavailable for these organizations, consequently, the number of employees is estimated.

This information was last updated in March of 2008.

The total employee information is unavailable for the 2000 year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 18
Operating Indicators by Function/Program -
Last Six Fiscal Years

Function/Program	Fiscal Year 2004	2005	2006	2007	2008	2009
Police						
Physical arrest	4,281	4,990	6,314	6,270	7,649	6,812
Citations written	10,402	16,460	19,946	23,494	20,804	16,217
Offenses charged	15,646	28,207	29,659	29,195	24,006	18,887
Fire						
Emergency medical responses	12,289	11,157	12,373	18,926	17,788	12,709
Fire responses	5,318	8,661	9,000	12,214	13,131	17,424
Inspections	1,064	1,019	1,019	1,156	1,124	1,138
Refuse collection						
Refuse collected (tons annually)	28,113	27,461	27,869	30,571	26,977	13,816
Recyclables collected (tons annually)	1,254	1,350	1,380	1,293	1,072	1,031
Yard waste collected (tons annually)	4,238	3,428	2,658	2,271	1,653	455
Sludge (tons annually)	3,630	2,170	2,289	5,175	5,641	2,701
Other public works						
Streets resurfaced (Miles)	Unavailable	27.50	25.58	9.30	10.56	9.40
Potholes repaired	113	83	34	177	27	57
Parking systems						
Parking violations	54,162	52,995	64,418	62,942	98,187	45,545
Civic center						
Number of events (annual average)	2,000	2,000	2,000	2,000	2,000	2,000
Municipal auditorium						
events (number of days annual average)	115-120	115-120	115-120	115-120	115-120	115-120

Sources: Various City of Charleston departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA
Table 19
Capital Asset Statistics by Function / Program -
Last Six Fiscal Years

Function/Program	Fiscal Years 2004	2005	2006	2007	2008	2009
Police						
Stations	1	1	1	1	1	1
Zone offices	5	5	5	5	5	5
Patrol units	100	90	90	94	94	94
Fire stations	8	9	9	9	9	9
Refuse collection						
Collection trucks	30	30	30	30	30	30
Other public works						
Street (miles)	300	300	300	300	300	300
Traffic signals	152	152	152	152	152	152
Parks and recreation						
Community centers	3	3	3	3	3	3
Neighborhood centers	3	3	3	3	3	3
Parks	6	6	6	6	6	6
Parks acreage	115	115	115	115	115	115
Swimming pools	5	5	5	5	5	5
Tennis courts	16	16	16	16	16	16
Parking system						
Number of parking garages	6	6	6	6	6	6
Number of parking meters	108	1,073	1,098	1,100	1,150	1,150
Civic center						
Types of facilities	6	6	6	6	6	6

Sources: Various City of Charleston Departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA

Table 20

Full-Time Equivalent City Government Employees By Function / Program

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Management	61	58	58	58	61	44	42	47	48	49
Finance	22	20	20	21	21	21	23	26	26	22
Planning	12	13	14	14	15	17	17	17	17	17
Building	6	5	4	3	3	4	14	14	14	20
Engineering	8	6	6	5	6	8	8	8	8	9
Other	46	45	48	42	52	39	32	31	32	31
Police										
Officers	182	172	163	162	164	168	171	180	179	183
Civilians	37	33	42	44	46	45	29	28	28	24
Fire										
Officers	197	196	197	197	188	190	191	187	191	188
Civilians	5	5	5	5	5	5	5	5	4	3
Other public safety	13	12	8	9	8	9	9	8	8	8
Refuse collection	77	71	58	58	72	77	69	74	66	66
Public works	84	83	97	99	97	119	120	119	118	121
Parks and recreation	106	91	76	85	88	80	90	87	93	108
Social services	10	21	18	20	21	19	19	17	21	10
Civic center	29	22	29	32	34	44	30	24	23	22
Parking system	37	37	37	37	38	36	35	28	26	25
Total	932	890	880	891	919	925	904	900	902	906

Sources: City of Charleston Payroll

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING CHARLESTON, WEST VIRGINIA

Introduction

Charleston, the county seat of Kanawha County, was originally chartered in 1794 as Charles Town and changed to the present name in 1819. The city was named by George Clendenin, one of the earliest settlers, for his father, Charles Clendenin. As the capital and largest city of West Virginia, it is located in the west central part of the state, at the confluence of the Elk River and the Kanawha River. Charleston is a commercial distribution center for the surrounding coal, petroleum, natural gas, and metal products industries.

West Virginia is centrally located in the South Atlantic Region of the United States, bound to the North by Pennsylvania and Maryland, to the East and South by Virginia, and to the West by Kentucky and Ohio.

Charleston History

Charleston was officially established on December 19, 1794. There were 35 people living in town at that time. The area began to grow around 1800 when salt brine deposits were found along the Kanawha River. West Virginia was officially declared a state by President Abraham Lincoln on June 20, 1863. By the end of the Civil War, the fledgling government was being formed and struggling to come together effectively. The state capital was not set, moving between Charleston and Wheeling until 1885.

Population Overview
2008 Census Estimate

	Charleston	WV	US
Total population	50,302	1,814,468	304,059,724
Square miles (land)	31.60	24,078	3,537,438
Population per sq. mile	1,591.8	75.36	85.95
Gender			
Male	46.6*	49.0%	49.3%
Female	53.4*	51.0%	50.7%
Age			
18 or younger	20.7*	21.3%	27.4%
18-24	8.5*	8.7%	6.7%
25-44	27.9*	25.9%	27.4%
45-64	25.3*	28.4%	25.7%

Population Overview
2008 Census Estimate

	Charleston	WV	US
65+	17.6%*	15.7%	12.8%
Average age (years)	40.59*	42.0	36.8

Race & Ethnicity	Charleston	Charleston	WV	US
White	43,072*	80.6%*	93.5%	65.6%
Black or African American	8,048*	15.1%*	3.5%	12.2%
American Indian & Alaska native	127*	0.2%*	0.2%	0.8%
Asian	979*	1.8%*	0.7%	4.4%
Native Hawaiian & other Pacific Islander		0.0%*	0.0%	0.1%
Some other race	158*	0.3%*	0.9%	1.5%
Hispanic or Latino	432*	0.8%*	1.1%	15.4%

Sources: US Census Bureau, 2008 Census Estimate,
*US Census 2000, being most recent data available

Healthcare

Charleston is home to the 78th largest community health care system, including the nation's second largest cardiac care program, a Level I trauma center and a women and children's hospital. Regional patient capacity exceeds 1,600 beds encompassing four general acute care hospitals, two specialty hospitals and numerous clinics. The Charleston area enjoys a reputation as a leader in start-of-the-art health care facilities and specialties.

The area has become a major center of specialized care and advanced medical training, providing complete health services in modern well-equipped institutions. Charleston is home to the State's largest hospital complex, the Charleston Area Medical Center, with approximately 962 beds. It is the home of the Charleston Division of the West Virginia University School of Medicine. In addition, there are other hospitals operating in the area with approximately 530 licensed beds at Thomas Memorial Hospital and St. Francis Hospital.

Charleston Area Medical Center - Memorial Division, Specializes in Cardiac and Cancer diagnosis and treatment.

Charleston Area Medical Center - General Division, Level 1 Trauma Center, Neuroscience, Medical Rehabilitation Center, Behavioral Medicine, Psychiatry, Physical and Occupational Therapy, Transitional Care, Orthopedics. This hospital is one of only 2 kidney transplant centers in West Virginia and has the State's only accredited sleep center.

Women's & Children's Hospital, Specializes in Pediatrics, Obstetric & Gynecology.

Thomas Memorial Hospital, A full service facility offering inpatient, outpatient and emergency care. Also includes: Heart Center, the Cancer Center of Southern West Virginia with a patient support system; Diabetes Center, clinics and medical-surgical inpatient services.

St. Francis Hospital, a full service facility offering inpatient, outpatient and emergency care. This facility also offers a comprehensive program for treating lung disease and a sports medicine program.

Utilities and Services

One of the nation's largest investor-owned utility holding companies, American Electric Power, provides low-cost electricity to the Charleston area. Rates are lower than the national average because of AEP's highly efficient power plants, high voltage transmission systems, and easy access to West Virginia's coal supply.

A mix of corporate entities and public utilities provide water, wastewater and natural gas service to the Charleston area. West Virginia- American Water Company provides water service to most residents of Kanawha County. WVAWC is the State's largest water supplier with 50-MGD of production capacity.

Employment

Labor Force Statistics - Kanawha County

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Civilian Labor Force	91,480	91,47	92,020	92,31	91,87	89,880
Total Employment	87,160	87,19	88,250	88,81	88,69	83,510
Total Unemployment	4,310	4,290	3,770	2,960	3,180	6,370
Unemployment Rate	4.7%	4.7%	4.1%	3.8%	3.5%	7.1%

Source: Workforce WV

Leading Employers

Major industries in the Charleston region include healthcare, services, government, chemicals, education and components manufacturing. There are more than 6,000 businesses in Kanawha County — representing more employment opportunities than any other county in West Virginia. New and expanding businesses benefit from assistance programs at both the State and local levels.

The region's largest employers in 2008:

State Government	10,550
Local Government	8,400
Charleston Area Medical Center	6,000
Kanawha County Schools	5,000
Federal Government	2,600
Wells Fargo	1,500
Toyota Motor Manufacturing	1,350
Thomas Memorial Hospital	1,300
Verizon	1,200
The Dow Chemical Company	1,000
Walker Machinery Company	750
Bayer CropScience	600
Capital Area Services Company	600
Tri-State Racing & Gametrack	600
Columbia Gas Transmission	450

Source: Charleston Area Alliance

Transportation

Residents of Charleston have immediate access to a full range of transportation services - highway, air, rail and water. It is a feature that gives the Charleston area an edge for attracting new businesses to the region.

The convergence of three interstate highways, 1-64, 1-77, and 1-79 interconnecting Charleston as well as Appalachian Corridor "G" (US Rt. 119) brings the area within overnight road-travel distance of 60% of the nation's principal industrial and commercial markets. Charleston is one of 13 cities in the nation where three interstate highways converge. East-West 1-64 extends from Norfolk, Virginia to St. Louis, Missouri; North-South 1-77 from Cleveland Ohio to Columbia, South Carolina; northeast-southwest 1-79 from Erie, Pennsylvania to Charleston, extending to Pikeville, Kentucky via US Rt. 119. In addition to the superhighways, three national and several state highways presently serve the MSA.

Over 40 motor freight companies operate in the Kanawha Valley, of which over 20 maintain terminals, making the area one of the major trucking centers in the Eastern United

States. The nation's eight largest motor freight companies are among those with terminals in Charleston. Charleston is the most direct route from the Upper Midwest to the Southeast and serves as a logical transfer point for shipments.

The Greyhound Bus Lines offers interstate and intrastate services, with both freight and passenger capacity.

Local bus service is furnished by the Kanawha Regional Transportation Authority. It operates a 60+ fleet bus system throughout the Kanawha Valley. The system, commonly know as the KRT, serves approximately 20 routes covering nearly 200 miles. Service is provided 7 days a week from 4:00 a.m. to 1 a.m.

Yeager Airport, West Virginia's largest and busiest airport, offers 32 daily departures and arrivals and is located 5 minutes from downtown Charleston. Yeager is a U.S. Port of Entry for the federal Customs service.

Two of the nation's primary rail lines, CSX Transportation and Norfolk Southern Railways, provide economical freight services for the area's industrial shippers. Amtrak operates a passenger terminal in Charleston.

Government

Charleston City Council represents the interests of their constituents by responding to inquiries, suggestions and complaints regarding City programs and services. They govern through legislative, administrative, and financial powers and have the ability to levy taxes, enact ordinances and resolutions, and exercise budgetary and policy control over city departments.

The 27 Council Members are elected by ward for four-year terms with 21 members representing various wards as determined by ward boundaries and 6 At-Large members serving the entire City. Council has both Majority and Minority Leaders, who are selected by their respective parties during party caucuses. The President Pro-Tempore is elected by the entire City Council.

Kanawha County is governed by, and generally acts through, The County Commission of Kanawha County. The present Commissioners, elected on a countywide basis, are W. Kent Carper, President, Henry C. Shores and David J. Hardy. The County exists and operates pursuant to the authority given to it under Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended. The County seat is located in Charleston.

Source: City of Charleston

Communications

Charleston has two main newspapers, *The Charleston Gazette* and *Charleston Daily Mail.* TV Stations include WCHS/WVAH, WOWK, WSAZ and WPBY that broadcast throughout the county. Sixteen radio stations serve the Charleston area on both AM/FM frequencies.

Housing

While home styles vary from comfortable country farmhouse to a stylish hillside contemporary, value is consistent. The median sale price in Charleston, according to the Coldwell Bank Home Price Comparison Index, 2008, (Based on 2,200 sq. ft., 4 bedrooms, 2.5 baths, family room, 2-car garage) is $179,050. Competitive home prices, combined with property taxes that are among the lowest in the nation, mean "more house for less money."

Cost of Living

Charleston is an affordable city with countless amenities that make it one of the most desirable places in the East to work and play.

The ACCRA Cost of Living Survey consistently ranks the Charleston MSA below 93.0 versus the nationwide benchmark of 100.0 for affordable living. The 2008 Annual Average Data ranks the Charleston MSA at 92.3.

Source: Charleston Area Alliance

Cultural/Arts

Performing arts include West Virginia Symphony Orchestra, Charleston Light Opera Guild, Kanawha Players, Children's Theater of Charleston and the Charleston Ballet. Mountain Stage is broadcast nationwide from Charleston each Sunday.

The Clay Center for the Arts and Sciences houses a science museum, art museum, planetarium and a concert hall.

Economic Statistics

Employment and Wages

Employment, Annual Average 2008	108,224
Total Wages, Annual 2008	$4,293,170,950
Annual Wage, Annual Average 2008	$39,669
Weekly Wage, Annual Average 2000	$762.87

Source: Workforce WV

Nearby Metropolitan Cities Distance (miles)

Huntington, WV	53
Parkersburg, WV	79
Columbus, OH	212
Pittsburgh, PA	227

Climate

Temperature Mean Annual Average: 55 degrees

January Averages:	*High* 41	*Low* 23
July Averages:	*High* 86	*Low* 64

Long Term Precipitation (inches)

Annual:	42.5
January	2.9
July:	5.0

Mean Annual Snowfall Range (inches): 25-40

Source: Workforce WV

Recreation

Recreation activities in the area include boating, whitewater rafting and golfing. Kanawha State Forest provides for hiking, walking, biking, camping, swimming and horseback riding. It is one of thirteen public parks and campgrounds located within the region.

Magic Island and Haddad Riverfront Park provide boating and other recreational opportunities. Local marinas and boat clubs provide river access and amenities to local boaters.

Snowshoe Resort, Winterplace and Canaan Valley Resort offer downhill skiing and are a day trip from Charleston.

Source: Charleston Area Alliance

Colleges & Universities

Local colleges and universities are progressive partners with industry, providing customized training, research support and advanced degree programs. The Charleston region is focused on attracting world-class talent to support an expanding base of highly technical domestic and international companies.

Five fully accredited colleges and universities serve the Charleston region offering quality undergraduate and graduate degree programs. These institutions maintain a total enrollment in excess of 20,000 students annually.

Marshall University
Southern WV Community and Technical College
University of Charleston
WV State University
WVU Institute of Technology

Additionally, superior vocational schools and an adult career centers offer nearly forty programs of study.

Source: Charleston Area Alliance

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

$2,210,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$50,000*
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the City of Charleston, a governmental instrumentality and a political subdivision of the State of West Virginia (the "City"), in connection with the issuance of $2,210,000* Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds") and $50,000* Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Taxable) (the "Series 2010B Bonds," and, together with the Series 2010A Bonds, the "Series 2010 Bonds"). The Series 2010 Bonds are being issued pursuant to an Ordinance enacted by the Charleston Building Commission, a municipal building commission and public corporation of the State of West Virginia (the "Issuer") on January 15, 2010 and a supplemental resolution adopted by the Issuer on February 16, 2010 (collectively, the "Ordinance"). The City covenants and agrees as follows:

SECTION 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Series 2010 Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Trust Indenture ("Indenture") dated as of February 1, 2010 between the Issuer and The Bank of New York Mellon, West Paterson, New Jersey, as Trustee, and the Purchase Agreement dated _____, 2010 between the Issuer and the Participating Underwriter, as approved by the City, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the City, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 Bonds attached thereto as Appendix A, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

*Preliminary, subject to change.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a qualified independent auditor.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the City and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2010 Bonds who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

"Repository" shall mean the National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the City's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2010, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Certificate. The Annual Financial Information and Audited Financial Statements may be

submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. If the City's fiscal year changes, the City shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each National Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Certificate, stating the date it was provided and listing the Repositories to which it was provided.

(d) Effective on July 1, 2009 and thereafter, all documents provided to the Municipal Securities Rulemaking Board shall be provided in an electronic formant and shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The City's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

Within 180 days of the City's 2010 fiscal year-end, and each subsequent fiscal year, for delivery, to each Repository, in the format required by the Rule, such information and data of the City for the prior fiscal year, including the audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities except as provided by the Indenture;

11. rating changes.

(b) Whenever the City obtains knowledge of the occurrence of any of the Listed Events, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 Bonds. If such termination occurs prior to the final maturity of the Series 2010 Bonds, the City shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2010 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the City or Dissemination Agent to comply with this Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Certificate shall inure solely to the benefit of the City, the Underwriter and Holders and Beneficial Owners from time to time of the Series 2010 Bonds, and shall create no rights in any other person or entity.

Date: _____, 2010

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)

Name of Issue: $2,210,000* CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED); $50,000* CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010B (TAXABLE)

Date of Issuance: _____, 2010

Notice is hereby given that the City has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The City anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

*Preliminary, subject to change.

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Jackson Kelly PLLC, Bond Counsel, proposes to issue its approving opinion in substantially the form set forth below upon the issuance of the Bonds.

[Date of Issuance]

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

The City of Charleston, West Virginia
P.O. Box 2749
Charleston, West Virginia 25330

Re: $_____ Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), and
$_____ Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Charleston Building Commission (the "Issuer") of its $_____ Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), dated the date hereof (the "Series A Bonds"), and its $_____ Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), dated the date hereof (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to Chapter 8, Article 33, Chapter 8, Article 16, and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Bonds are being issued for the purpose of currently refunding and redeeming certain outstanding Charleston Building Commission Lease-Revenue Bonds Center for Arts and Sciences of West Virginia Project), Series 1999, of the Issuer (the "Bonds To Be Refunded"). We have examined the law and such certified proceedings and other papers as we deem

necessary to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Indenture when used herein.

The Issuer and Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation (the "Corporation"), have entered into an Agreement and Lease dated as of February 1, 2010 (the "Lease"), pursuant to which the Issuer has agreed to lease the Equipment to the Corporation. The Corporation, in turn, has entered a First Amendment to Equipment Lease dated as of February 1, 2010, amending its existing Equipment Lease dated as of June 1, 1999 (together, the "Sublease"), with The City of Charleston, West Virginia, a municipal corporation and political subdivision of the State of West Virginia (the "City"), pursuant to which the Corporation has agreed to sublease the Equipment to the City. Under the Sublease, the City has agreed to make rental payments in amounts and at such times sufficient to pay, among other things, the principal of and interest on the Bonds when due; provided, that the Sublease and, in turn, the Lease are terminable as described therein. Pursuant to the Indenture, the Issuer has assigned to the Trustee its right, title and interest in the Lease and the rentals thereunder (except for certain retained rights), including its assigned right, title and interest in the Sublease and the rentals thereunder, as security for the Bonds. The Bonds are further secured under the Indenture by a lien on the Equipment.

Reference is made to an opinion of even date of counsel to the City, with respect to, among other matters, the City's power to enter into and perform the Sublease, the authorization, execution and delivery of the Sublease by the City and the binding effect and enforceability of the Sublease on and against the City. Reference is also made to an opinion of even date of counsel to the Issuer, with respect to, among other matters, the creation and valid existence of the Issuer, the enactment of the Ordinance and the execution and delivery of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer, the Corporation and the City in the Lease, the Sublease and the Indenture, the Tax Certificate (hereinafter defined) and the certified proceedings and other certifications furnished to us by or on behalf of the Issuer, the Corporation and the City, without undertaking to verify the same by independent investigation.

We have not examined title or any other records relating to liens, charges, encumbrances or security interests on or in the rights and property on and in which the Lease, the Sublease and the Indenture purport to grant liens or security interests. No opinion is expressed herein as to ownership or title matters, including, without limitation, the recording of the Lease, the Sublease or the Indenture or the filing under the Uniform Commercial Code, or as to the priority of any lien, charge, encumbrance or security interest. Further, no opinion is expressed herein as to the Bonds To Be Refunded.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public corporation and municipal building commission under the laws of the State of West Virginia with corporate power to enter into and perform the Lease and the Indenture and to issue the Bonds.

2. The Lease and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer, except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting the rights and remedies of creditors, general principles of equity, public policy and the exercise of judicial discretion.

3. The Indenture creates an assignment of the Issuer's right, title and interest in the Lease, including its assigned right, title and interest in the Sublease, and a security interest in and lien of the Issuer's interest in the Equipment and to the rents and other payments made under the Lease (except certain rights to payment of expenses, which are retained by the Issuer).

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special and limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

5. Under existing laws, regulations, rulings and court decisions, the interest on the Series A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series A Bonds will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals or corporations.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds in order that, for federal income tax purposes, interest on the Series A Bonds is not includable in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Series A Bond proceeds, restrictions on the investment of Series A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

On the date hereof, the Issuer, the Corporation and the City are executing a Tax and Non-Arbitrage Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Issuer, the Corporation and the City covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Series A Bonds will not, for the purposes of federal income taxation, be includable in gross income.

The opinions set forth in the preceding paragraphs are subject to the condition that the Issuer, the Corporation and the City comply, on a continuing basis, with all representations, covenants and certifications set forth in the Indenture, the Lease, the Sublease, the Tax Certificate

and other documents related thereto, and we have not undertaken to determine or to inform any person whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the excludability from gross income for federal income tax purposes of interest on, the Series A Bonds.

6. The Series A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. The provisions of this Paragraph 6 are subject to the continuing requirements relating to tax-exemption described in Paragraph 5 above.

7. Under existing laws, regulations, rulings and court decisions, the interest on the Series B Bonds is includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code.

8. The Bonds and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Lease, the Sublease and the Indenture and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, that their enforcement may also be subject to the general principles of equity and exercise of judicial discretion in the appropriate cases and that certain remedies under the Lease, the Sublease and the Indenture may be limited by public policy or such judicial discretion.

We have examined the executed and authenticated Bond No. AR-1 of the Series A Bonds and Bond No. BR-1 of the Series B Bonds, and in our opinion, said Bonds are in proper form and have been duly executed and authenticated.

This opinion speaks only as of the date hereof. We have not assumed any duty to, and will not, update this opinion due to changes in facts or law.

Yours very truly,

JACKSON KELLY PLLC

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APPENDIX E

PRINCIPAL DOCUMENTS

The following are substantial forms of the Bond Trust Indenture, Lease Agreement and the First Amendment to 1999 Sublease. The Issuer, Trustee and City reserve the right to make non-substantive changes to the documents. The 1999 Sublease is also attached.

APPENDIX E

The following are substantial forms of the Bond Trust Indenture and Lease Agreement. The Issuer, Trustee and City reserve the right to make non-substantive changes to the documents.

BOND TRUST INDENTURE

Between

CHARLESTON BUILDING COMMISSION,

as Issuer

and

THE BANK OF NEW YORK MELLON,

as Trustee

Dated as of February 1, 2010

Relating to

$_____

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

$_____

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

BOND TRUST INDENTURE

This Bond Trust Indenture, dated as of February 1, 2010, between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission, organized and existing under and by virtue of the laws of the State of West Virginia, as issuer (the "Issuer"), and **THE BANK OF NEW YORK MELLON**, a New York banking corporation with trust offices in West Paterson, New Jersey, and authorized to exercise trust powers within in the State of West Virginia, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), The City of Charleston, West Virginia (the "City"), enacted an ordinance on May 19, 1980, creating the Charleston Building Commission, a public corporation with perpetual existence and a municipal building commission within the meaning of the Enabling Act (as previously defined, the "Issuer");

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the governing body of the City may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010 C Bonds in the aggregate principal amount of $_____ (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $_____ (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and this Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of a Lease and Agreement dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease") and of the 1999 Sublease as amended by a First Amendment to Equipment Lease to be dated as of February 1, 2010 (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $_____;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in this Indenture will be secured by the Trust Estate created hereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under this Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer;

WHEREAS, the Bonds and the certificates of authentication and registration to be endorsed thereon are to be in substantially the forms set forth in Exhibit A and Exhibit B attached hereto, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to the Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in the Lease, the Sublease and this Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish a public purpose and are necessary, appropriate and required for the City; and

WHEREAS, all things necessary to make the Bonds, when registered and issued as in the Ordinance and this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge herein made of the rentals and revenues derived from the Lease to the payment of the principal of, premium, if any, and interest on the Bonds, a valid assignment of the rights of the Issuer under the Lease and a valid grant of a security interest in the Equipment have been done and performed, and the creation, execution and delivery of this Indenture, and the authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and mutual covenants herein contained and of the purchase of the Bonds and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the Bonds and the performance and observance of all the covenants and conditions herein or therein contained, has executed and delivered this Indenture, and has conveyed, granted, assigned, transferred, pledged, set over and confirmed, mortgaged and granted a security interest and by these presents does hereby convey, grant, assign, transfer, pledge, set over, confirm, mortgage and grant a security interest unto the Trustee, its successor or successors and its or their assigns forever, with power

of sale, all and singular, the property, real and personal, hereinafter described, subject only Permitted Encumbrances (said property being herein sometimes referred to as the "Trust Estate"), to wit:

I.

All rights, title and interests of the Issuer in and to the Equipment;

II.

All rights, interests and privileges of the Issuer in, to and under the Lease, including but not limited to, all rentals and revenues received by the Issuer from the leasing of the Equipment (except for the payment of the expenses of the Issuer referred to in item (3) of Section 4.02), and the collateral assignment by the Corporation of the Sublease and the rentals thereunder;

III.

All moneys and securities from time to time held by the Trustee under the terms of this Indenture;

IV.

All proceeds of any of the items and security described in Granting Clauses I through III, above; and

V.

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Issuer or on its behalf to the Trustee, which is hereby authorized to receive the same at any time as additional security hereunder, however, there is expressly excluded from any conveyance, grant, transfer, pledge and security interest the Rebate Fund and any and all moneys, amounts and investments therein.

TO HAVE AND TO HOLD, all and singular, the Trust Estate and the rights and privileges hereby conveyed, assigned and pledged, by the Issuer or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of each and every Registered Owner of the Bonds issued and secured hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one such Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

SUBJECT, NEVERTHELESS, as to the properties conveyed, assigned and pledged hereby and to which a security interest is granted hereunder, to Permitted Encumbrances as herein defined;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, together with any premium due thereon, according to the provisions set forth in the Bonds and each of them, or shall provide for the payment or redemption of such 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 hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, determine, and become void, and thereupon the Trustee, upon payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the Trust Estate as may be necessary or proper to discharge this Indenture of record and, if necessary, shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular, the property, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefor, or any part or portion thereof not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and among the parties hereto that the Bonds are to be issued, registered and delivered, and that all the pledged property and Trust Estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, 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 the Registered Owners of such Bonds or any of them as hereinafter set forth.

ARTICLE I

DEFINITIONS.

Section 1.01. Terms Defined. In addition to terms defined elsewhere herein and in the Lease (including the recitals herein and in the Lease), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations, and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bond Fund" means the fund so designated and created in Section 5.01 of this Indenture.

"Bondholder," "Holder, "Owner of the Bonds," "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered in accordance with the provisions hereof. .

"Bond Year" means the period beginning on the date of issuance of the Bonds and ending at the close of business on June 1, 2010, and, thereafter, each one-year period that begins on June 2 of each calendar year and ends at the close of business on June 1 of the succeeding year, unless otherwise required under the Code.

"Business Day" means any day on which the office of the Trustee designated in Section 15.03 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Corporation" or "Sublessor" means Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation, formerly known as Center for the Arts and Sciences of West Virginia, Inc.

"Date of Registration" means the date of authentication and registration of a Bond by the Registrar pursuant to Section 2.04 hereof.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by this Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Escrow Fund" means the fund created under the Escrow Agreement for deposit of a portion of the proceeds of the Bonds to effect the defeasance and redemption of the Bonds To Be Refunded.

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

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Indenture, begins on July 1 and ends on the next succeeding June 30.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States of America.

"Indenture" means this Bond Trust Indenture, as it may from time to time be amended or supplemented.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including as applicable, but not limited to:

(i) Underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount);

(ii) Counsel fees and expenses (including bond counsel, Underwriter's counsel, the Issuer's counsel and the City's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(iii) Trustee fees and Trustee's counsel fees, costs and expenses in connection with the borrowing;

(iv) Escrow Agent fees and counsel fees, costs and expenses in connection with refunding and redeeming the Bonds To Be Refunded;

(v) Accountant fees (e.g., accountant verifications in the case of refunding and defeasing the Bonds To Be Refunded);

(vi) Printing costs (for the Bonds and of the preliminary and final offering materials); and

(vii) Costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Act, and any successor in function.

"Lease" means the Agreement and Lease, of even date herewith, between the Issuer, as lessor, and the Corporation, as lessee, and all amendments thereof and supplements thereto.

"Lease Term" shall have the meaning assigned to such term under Section 4.01 of the Lease.

"Minimum Denomination" means $5,000.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all costs and expenses (including attorneys' fees, costs and expenses and any expenses of the Trustee or the City) incurred in the collection of such gross proceeds.

"Operating and Maintenance Expenses" means and includes, with respect to the Equipment and with respect to the period of determination, all necessary current, direct operating expenses (including management, wages and costs of supplies), current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated shares of charges for insurance and utilities, and all other direct expenses relating to the use and operation of the Equipment, but excluding, however, Rent, depreciation, capital expenditures, all indirect and general administrative expenses of the City or the Corporation and charges for renewal and replacement.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

(A) Bonds cancelled or required to be cancelled by the Trustee at or prior to such date;

(B) Bonds for the full payment of the principal of and interest on which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;

(C) Bonds for the redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee pursuant to Article III or Article XII hereof; provided that (i) notice of redemption shall have been given as provided in Section 3.05 hereof or waiver of such notice, satisfactory in form to the Trustee, shall have been filed with the Trustee, or (ii) provisions to call all the Bonds for redemption shall have been made as provided in Article XII hereof; and

(D) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Trustee.

"Permitted Encumbrances" means the Lease, the Sublease and this Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the City;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of this Indenture and subject to Section 5.05 of the Lease.

"Person" means a natural person, firm, association, corporation or public body.

"Qualified Investments" means and include any of the following securities, if and to the extent the same are at the time legal investments by the Issuer of the funds to be invested therein, all such securities to be held by the Trustee and in which the Trustee must have a perfected first security interest free of any third party claims:

(1) Government Obligations;

(2) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(3) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Farmers Home Administration; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Farm Credit Bank; Export- Import Bank of the United States; Federal Financing Bank; Federal Land Banks; Government National Mortgage Association (or any other agency or instrumentality of the United States of America, created by an Act of Congress, substantially similar to the foregoing in its legal relationship to the United States of America); Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(4) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(5) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(6) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (1) through (4) above;

(7) Repurchase agreements, fully secured by investments of the types described in paragraphs (1) through (4) above, with banks or national banking associations which are members of FDIC, including the Trustee, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements;

(8) Units of participation in a mutual fund managed by an investment company registered under the Investment Advisors Act of 1940, as amended, provided that such units of participation have a maturity of less than 1 year, that such fund is required to maintain a constant net assets value, that the assets of such fund are not less than $10,000,000, and that the securities which may be purchased for the portfolio of such fund are limited to the obligations of the kind described in (1) above;

(9) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

(10) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for Federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc., or Standard & Poor's Rating Service.

"Rebate Fund" means the Rebate Fund created pursuant to Section 7.02 hereof.

"Registrar" or "Bond Registrar" means the Trustee.

"Series A Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), authorized hereby in the aggregate principal amount of $_____.

"Series B Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), authorized hereby in the aggregate principal amount of $_____.

"Sublease" means the Equipment Lease dated as of June 1, 1999, as amended by the First Amendment to Equipment Lease dated as of February 1, 2010, both between the Corporation, as Sublessor, and the City, as Sublessee.

"State" means the State of West Virginia.

"Trustee" means The Bank of New York Mellon, a New York banking corporation, and any successor or successors thereto or assigns thereof, as trustee under this Indenture.

"Written Request" means a request in writing signed by an Authorized Representative of the City.

Any requirement for execution of this Indenture, the Bonds, the Lease, the Sublease or any certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Section 1.02. Exhibit. The following Exhibit is attached to and by reference is hereby made a part of this Indenture:

EXHIBIT A: FORM OF SERIES A BOND
EXHIBIT B: FORM OF SERIES B BOND

ARTICLE II

THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. The aggregate principal amount of Series A Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $_____, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with AR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter. The aggregate principal amount of Series B Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $_____, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with BR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

Section 2.02. Issuance and Delivery of Bonds; Maturity. (A) The Bonds shall be issued in two series, designated (i) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)," in the aggregate principal amount of $_____ and (ii) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)," in the aggregate principal amount of $_____.

(B) The Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1 of each of the years, and shall bear interest, payable on June 1 and December 1 of each year, beginning June 1, 2010, at the rates, all as set forth below.

Series A

Maturity Date	Amount	Interest Rate

Series B

Maturity Date	Amount	Interest Rate

(C) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) A certified copy of the Ordinance of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Lease and this Indenture;

(ii) A certified copy of the ordinance of the City Council, approving the Sublease;

(iii) A certified copy of the resolution of the Board of Directors of the Corporation, approving the Lease;

(iv) Executed counterparts of the Lease and the Sublease;

(v) An executed counterpart of this Indenture;

(vi) A request and authorization to the Trustee by the Issuer, signed by the Chairman of the Issuer, to authenticate and deliver the Bonds to the Underwriter, upon payment to the Trustee or the Escrow Agent, as applicable, for the account of the Issuer, of the purchase price thereof; and

(vii) An approving legal opinion of Bond Counsel.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Chairman and attested with the manual or facsimile signature of its Secretary and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication and Registration. All Bonds shall have endorsed thereon a certificate of authentication and registration duly manually executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. The Series A Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit A hereto, and the Series B Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit B hereto, each with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed; Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction, together with such security or indemnification as may be required by the Issuer, the City and the Trustee to save them harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Bond Fund created with respect to such Bond and available for purposes of such payment. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees, costs and expenses in this connection, including reasonable attorneys' fees, costs and expenses.

Section 2.07. Bond Registrar. So long as any of the Bonds remain outstanding, the Trustee, as agent for the Issuer, shall act as Bond Registrar and maintain at its office in West Paterson, New Jersey, a register for the registration and transfer of the Bonds for the Issuer (the "Bond Register"), whereby such Bonds may be presented for registration of transfer and for exchange as provided in this Indenture.

Section 2.08. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer.

After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.08.

At the expense of the Bondholder requesting such exchange, Bonds may be exchanged at the corporate trust office of the Trustee as designated pursuant to Section 15.03 for an equal aggregate principal amount of Bonds of the same series in denominations of $5,000 or integral multiples thereof. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then Outstanding.

The Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of mailing of a notice of redemption pursuant to Section 3.05 hereof, or (b) any Bonds called for redemption.

Section 2.09. Fees. For every exchange or transfer of Bonds, the Trustee or Issuer, as applicable, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment of principal thereof and premium and interest thereon or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.10. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be cancelled and destroyed by the Trustee in its customary manner and shall not be reissued. Copies of the certificate of destruction shall be furnished by the Trustee to the Issuer and the City.

Section 2.11. Limited Obligations. The Bonds shall be special and limited obligations of the Issuer. The Bonds shall be payable solely out of revenues and rentals derived from, or in connection with, the Lease and the Trust Estate pledged hereunder. The Bonds shall never constitute an indebtedness of the State, the City or the Issuer within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State, the City or the Issuer. The Bonds shall never be a charge against or pledge of the faith and credit or taxing power of the State, the City or the Issuer. The owners of the Bonds shall have no right to have taxes levied by the Legislature of the State or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bonds.

Series 2.12. Book-Entry System. **The Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in this Section. One Bond of each maturity of each series shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.**

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such

Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest and redemption premium, if any, with respect to the Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Authority Letter of Representation that has been executed and delivered by the Issuer to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer, the City and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Issuer or the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Trustee shall, at the request of the Issuer or the City, discontinue the book-entry system with DTC. If the Issuer or the City, as applicable, fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Indenture, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "AR" and numbered separately from "1" upward with respect to the Series A Bonds and lettered "BR" and numbered separately for "1" upward with respect to the Series B Bonds, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE ISSUER, THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF

THIS INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Limitation on Redemption. The Bonds shall be subject to redemption as provided in this Article III.

Section 3.02. Optional Redemption.

A. The Bonds [maturing on and after _____, shall be subject to optional redemption by the Issuer, at the option of the Issuer upon written direction of the City, prior to their stated maturities on or after _____, at the redemption price of _____ plus interest accrued thereon to the date set for redemption]..

B. The Bonds shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease, the Sublease or this Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

Section 3.03. Redemption Requests. Redemption shall be made pursuant to Section 3.02 A or B hereof on an authorized date selected by the City, which date shall be not less than 30 days nor more than 120 days after receipt by the Trustee of a certificate of an Authorized Representative of the City, on behalf of the Issuer, (i) requesting that the Bonds be redeemed pursuant to Section 3.02, (ii) stating the principal amount of the Bonds to be so redeemed and the authorized date upon which the same will be redeemed; (iii), if appropriate, stating that an event described in Section 3.02 B has occurred and identifying such event; and (iv) if appropriate, stating the source of the funds expected to be used to effect the redemption.

Section 3.04. Mandatory Sinking Fund Redemption.

A. The Series A Bonds maturing on [June 1, 20__, and June 1, 20__,] are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Series A Bonds Maturing June 1, 20__

Year	Principal Amount

Series A Bonds Maturing June 1, 20__

Year	Principal Amount

B. The Series B Bonds maturing on [June 1, 20__, and June 1, 20__,] are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Series B Bonds Maturing June 1, 20__

Year	Principal Amount

Series B Bonds Maturing June 1, 20__

Year	Principal Amount

Section 3.05. Notice of Redemption.

A. Notice of the call for any redemption, identifying series and the Bonds or portions thereof to be redeemed, shall also be given by the Trustee, on behalf of the Issuer, by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to such Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law,

failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

B. Notice of redemption having been given in the manner hereinabove provided for, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the redemption price aforesaid.

Section 3.06. Cost of Redemption. In the event of any redemption of the Bonds, whether extraordinary, optional or mandatory, there shall be paid by the Issuer, solely from funds provided by the City, in addition to the redemption price, all reasonable costs, fees and expenses of the Trustee and the Issuer in connection with such redemption, including but not limited to, reasonable attorney's fees, costs and expenses.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal and Interest. Subject to the limited source of payment hereinafter referred to, the Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof. The principal of and interest and premium, if any, on the Bonds are payable solely from rents, revenues and other amounts derived from the leasing or sale of the Equipment and otherwise as provided herein and in the Lease, which rents, revenues and other amounts are hereby specifically assigned and pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer (except the Equipment, the Lease and other property subject to the lien of this Indenture).

Section 4.02. Performance of Covenants; Legal Authorization. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds authorized hereby and to execute this Indenture, to perform its obligations hereunder, to grant a lien on the Equipment and to assign the Lease and to pledge the Lease rentals and other amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Issuer according to the import thereof.

Section 4.03. Title and Instruments of Further Assurance. The Issuer covenants that it has good and marketable title to the Equipment, subject only to Permitted Encumbrances, and it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its title to the Equipment or any part or portion thereof is now or at any time hereafter shall or may be impaired or charged or encumbered in any manner whatsoever, except by Permitted Encumbrances; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such security agreements, assignments or instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning, granting a security interest in and confirming unto the Trustee all and singular the property herein described and the rentals and revenues assigned and pledged hereby to the payment of the principal of and interest on the Bonds.

Section 4.04. Recording and Filing. The Issuer covenants that it will cause any and all financing and continuation statements to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Holders of the Bonds and the rights of the Trustee hereunder.

Section 4.05. Books and Records. The Issuer covenants that so long as any Bonds are outstanding and unpaid and to the extent of its financial dealings or transactions in relation to the Equipment and the rentals and revenues derived therefrom, the Issuer will keep, or cause to be kept by the Trustee, proper books of record and account. Such books shall at all times be open to the inspection of such accountants or other agencies as the Trustee may from time to time designate.

Section 4.06. Rights Under Lease. Neither a sale of the Equipment under this Indenture nor the appointment of a receiver for the Trust Estate nor any other procedure related to the enforcement of the lien or the provisions of this Indenture shall of itself terminate or otherwise affect or impair the rights or obligations of the Issuer under the Lease. The Lease sets forth the covenants and obligations of the Issuer and the Corporation, including a provision that neither the Lease nor this Indenture may be effectively amended, changed or modified without the written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to enforce all covenants and obligations of the Corporation under the Lease and agrees that the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Corporation under and pursuant to the Lease for and on behalf of the holders, whether or not the Issuer is in default in its covenant to enforce such rights and obligations. The Issuer hereby makes for the benefit of the Trustee the representations and warranties set forth in Section 2.01 of the Lease.

Section 4.07. Arbitrage. The Issuer shall not take, or permit or suffer to be taken on its behalf, any action with respect to the proceeds of the Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.08. Designation of Series A Bonds as Bank-Qualified. The Series A Bonds have been and are hereby designated by the Issuer as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

ARTICLE V

BOND FUND

Section 5.01. Source of Payment of Bonds; Creation of the Bond Fund. The Bonds herein authorized and all payments to be made by the Issuer thereon and into the various funds are not general obligations of the Issuer but are limited obligations payable solely from revenues, rents and other amounts derived from leasing or sale of the Equipment and the various funds established under this Indenture. Pursuant to the assignment and pledge of the Lease and the rentals and revenues derived therefrom set forth in the granting clauses contained herein, the Issuer will direct the City to make payments of such rentals and revenues directly to the Trustee when and as the same become due and payable by the City under the terms of the Lease. There is hereby created and established with the Trustee a trust fund with respect to the Bonds to be designated as the "Bond Fund" (the "Bond Fund").

Section 5.02. Payments into the Bond Fund. There shall be deposited in the Bond Fund (a) all amounts derived from, or in connection with, the Lease, (b) all interest and other income received on investments of the Bond Fund, (c) any amount remaining in the Escrow Fund after the Bonds To Be Refunded have been finally discharged and all fees and expenses in connection therewith have been paid; (d) any amount required to be paid pursuant to Section 8.08 hereof, and (e) all other moneys received by the Trustee with respect to the Bonds unless otherwise provided herein.

Section 5.03. Use of Moneys in the Bond Fund. Except as provided in this Section and in Section 5.06 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, and Trustee's fees and expenses with regard to the Bonds, either at maturity or redemption prior to maturity.

Section 5.04. Non-presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, or at the date fixed for redemption thereof, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the owner or owners thereof, all liability of the Issuer to the owner thereof for the payment of such Bond, as the case may be, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Such funds shall not be deemed to be part of the Bond Fund after the due date and shall not be subject to investment.

Any moneys held by the Trustee for the payment of the principal of or interest on any Bond and remaining unclaimed for two years after such principal or interest has become due and payable shall, upon the written request of the City to the Trustee, be paid to the City to the extent permitted by the law of the state in which the Trustee is domiciled. After the payment of such unclaimed moneys to the City, the owner of such Bond shall thereafter look only to the City for

the payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease.

Section 5.05. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund or the Rebate Fund shall be held by the Trustee in trust for the purposes thereof but need not be segregated from other funds except to the extent required by this Indenture.

Section 5.06. Repayment to the City from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of and interest and redemption premium, if any, on the Bonds (or provision for the payment thereof as provided in this Indenture), and the reasonable fees, charges and expenses of the Trustee, incurred in connection with the Bonds, shall be paid to the City, except as shall be subject to rebate to the United States under Section 148(f) of the Code.

ARTICLE VI

APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Application of Proceeds. Proceeds from the sale of the Series A Bonds in the amount of $_____ shall be deposited directly with or transferred by the Trustee immediately upon receipt to the Escrow Agent for deposit or credit to the Escrow Fund in accordance with the Escrow Agreement. In addition, proceeds from the sale of the Series A Bonds in the amount of $_____ and proceeds from the sale of the Series B Bonds in the amount of $_____shall be deposited by the Trustee into the Costs of Issuance Account.

Section 6.02. Costs of Issuance Account.

(a) The proceeds of the Bonds deposited in the Costs of Issuance Account shall be used and withdrawn by the Trustee only as provided in this Section 6.02. No amount in any other fund or account created by this Indenture shall be expended for Costs of Issuance.

(b) The Trustee is authorized and directed to make disbursements from the Costs of Issuance Account upon the written direction of an Authorized Representative for the payment of Costs of Issuance, in the amounts stated to be due and payable in the Authorized Representative certificate which shall be filed with the Trustee from time to time, together with such other documentation as may be required hereunder, certifying that such amounts may be properly paid. The Trustee shall make such disbursements not later than five days after receipt of all the documentation required by this Section 6.02(b).

(c) Notwithstanding any provision to the contrary, any amounts remaining in the Costs of Issuance Account on April __, 2010, shall be transferred to the Bond Fund and applied to the payment on the interest next coming due on the Bonds.

ARTICLE VII

INVESTMENTS AND REBATE

Section 7.01. Investment of Moneys. Except as otherwise provided in this Indenture, any moneys held as a part of the Bond Fund or the Rebate Fund shall be invested or reinvested by the Trustee at the written direction of the City in Qualified Investments. All such written directions shall be specifically subject to the provisions and restrictions of Sections 4.07 and 7.02 hereof to which reference is hereby made.

Any such investment shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investments shall be credited or charged to the appropriate fund. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in either fund is insufficient to make the payments required from such fund regardless of the loss on such liquidation. The Trustee may make any and all investments permitted by this Section 7.01 through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

In making investments of the moneys in any such funds, the Trustee shall rely conclusively on the written direction of the City as to the suitability and legality of the directed investments and shall not be liable for any investments made in violation of the covenant as to arbitrage contained in the Lease or herein, or for any losses resulting from such investment or otherwise, if made pursuant to such direction.

Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. In the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested.

The Trustee shall provide monthly statements regarding the funds and accounts maintained by it and the investments credited thereto. Although the Issuer and the City each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the City hereby agree that confirmations of 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 7.02. Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series A Bonds. In addition, the Issuer covenants to comply with, or cause compliance with, the Code and all Regulations from time to time in effect and applicable to the Series A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, or cause to be taken or refrained from being

taken actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Indenture or the Lease.

The Issuer shall calculate, or cause to be calculated, annually, and at such other times required under the Code upon retirement or redemption of the Series A Bonds or otherwise, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such calculation, the Issuer shall deposit, or cause to be deposited, in the "Rebate Fund" (the "Rebate Fund") to be created and established with the Trustee hereunder as a separate trust fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, may be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund and all moneys, amounts and investments therein shall be held free and clear of any lien or pledge under this Indenture or the Lease, and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Trustee shall pay said amounts to the City, unless otherwise required by law as evidenced by an opinion of Bond Counsel. The Issuer shall timely remit, or cause to be remitted, payments to the United States in the time and at the address prescribed by the Regulations as the same may from time to time be in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure, or cause to be assured, that such payments are made to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the City and the Trustee in preparing rebate calculations and in all other respects in connection with rebates. The Issuer may (at the sole expense of the City) direct in writing the Trustee to perform or to cause to be performed (which may be by one of the Trustee's agents, subsidiaries or affiliates) the calculations required by this Section 7.02. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.02 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay, or cause to be paid, any and all penalties and other amounts, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes.

The Issuer shall submit, or cause to be submitted, to the Trustee within 15 days following the end of each Bond Year after the Bond Year ending June 1, 2010, a certified copy of the rebate calculation and certificate with respect thereto.

Notwithstanding the foregoing, if the City shall submit to the Trustee and the Issuer a certificate stating that the Series A Bonds are exempt from the rebate requirements of Section 148(f) of the Code as a result of an applicable exception therefrom, then the Issuer and the City shall not be required to take further actions pursuant to this Section 7.02 so long as the Series A Bonds and any gross or other proceeds thereof remain exempt from the rebate requirements of Section 148(f) of the Code.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default," that is to say, if:

(A) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(B) Payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption; or

(C) The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder for a period in excess of 90 days and a new issuer shall not have undertaken the duties of the Issuer within such period; or

(D) An order or decree shall be entered appointing a receiver or receivers for the Equipment or any of the revenues of the Issuer derived therefrom, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or degree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

(E) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues and other moneys derived by the Issuer from the Lease and 60 days shall have elapsed since the institution of such proceeding; or

(F) If the Issuer (i) files a petition in bankruptcy, or (ii) makes an assignment for the benefit of its creditors or (iii) consents to the appointment of a receiver or trustee for itself or for the whole or any part or portion of the Equipment and 60 days shall have elapsed since the filing of such petition, the making of such assignment or the consent to such appointment; or

(G) If (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) on a petition in bankruptcy filed against the Issuer it is adjudged a bankrupt, or (iii) an order, judgment or decree entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver or trustee of the Issuer or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(H) If the Issuer shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and 60 days shall have elapsed since the filing of such petitions; or

(I) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(J) The Lease or the Sublease shall be terminated; or

(K) Any event of default as defined in Section 9.01 of the Lease shall occur and be continuing for a period of 30 days; or

(L) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any agreement supplemental hereto on the part of the Issuer to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the City by the Trustee; the Trustee may give such notice in its discretion (which may be based upon an opinion of counsel) and shall give such notice at the written request of the owners of not less than 10% in aggregate principal amount of the Bonds then outstanding hereunder.

Section 8.02. Acceleration. Subject to the provisions of Section 8.12 hereof with respect to waivers of events of default, upon the happening of any Event of Default specified in Section 8.01 other than the Events of Default specified in paragraphs (A) and (B) of Section 8.01 and the continuance of the same for the period, if any, specified in said Section, the Trustee may, without any action on the part of the Bondholders, and shall upon the happening of any Event of Default specified in paragraphs (A) or (B) of Section 8.01 or upon the written request of the Holders of not less than 25% in principal amount of the Bonds then Outstanding hereunder, exclusive of Bonds then owned by the Issuer, the Corporation or the City, upon being indemnified to its satisfaction, by notice in writing delivered to the Issuer and the City, declare the entire principal amount of the Bonds then Outstanding hereunder and the interest accrued thereon immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable.

Section 8.03. Surrender of Possession; Rights of Trustee in Possession; Sale of Equipment. Subject to the rights of the Corporation under the Lease and the City under the Sublease, if any, upon the occurrence of any Event of Default, the Issuer upon demand of the Trustee, shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent (including the Issuer) as it may appoint, to take possession of all or any part of the Trust Estate with the books, papers and accounts of the Issuer pertaining thereto and including the rights and the interest of the Issuer under the Lease; and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed advisable; and the Trustee may, subject to the Lease, lease the Equipment or any part thereof in the name of and for the account of the Issuer and collect,

receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it advisable to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of Section 8.08 hereof. Whenever all that is due upon the Bonds and installments of interest under the terms of this Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the Issuer, its successors or assigns; the same right of entry, however, to exist upon any subsequent Event or Default.

While in possession of such property the Trustee shall upon written request render annually to the Issuer and the City and also to the Holders of Bonds, at their addresses as set forth in the Bond Register, a summarized statement of income and expenditures in connection therewith.

Notwithstanding the foregoing, upon the occurrence of an Event of Default, the Trustee may sell all or a portion of the Equipment at public auction, for cash, or on such time and terms as it may elect, and shall apply the proceeds of sale, after reimbursing itself for all reasonable attorneys' fees and other expenses incurred by it in connection with such sale, in accordance with Section 8.08 of this Indenture. The Trustee shall give notice of the time, terms and place of sale by publishing notice of such sale in some newspaper of general circulation in Charleston, West Virginia, once a week for two successive weeks preceding the day of sale, and no other notice of sale shall be given; provided, that notice of such sale shall also be given by certified mail, return receipt requested, to the Issuer at least 20 days preceding the day of sale, and the Trustee shall comply with all applicable provisions of law.

Section 8.04. Other Remedies; Rights of Bondholders. Upon the occurrence of any Event of Default, the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit to enforce the payment of the principal of or premium, if any, and interest on the Bonds outstanding hereunder, including, without limitation, the sale of all or a portion of the Equipment and mandamus. Upon the occurrence of an Event of Default under the Lease, the Trustee may enforce any and all rights of the Issuer thereunder.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 25% in aggregate principal amount of the Bonds outstanding and shall have been indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the holders of Bonds; and the foregoing shall apply also, if an Event of Default shall have occurred under the Lease, to the enforcement by the Trustee of the rights of the Issuer thereunder; provided however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Bonds not parties to such request.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the owners of Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the owners of Bonds hereunder now or hereafter existing at law or in equity or by statute. It is understood and agreed by and between the parties hereto that nothing herein contained shall be construed as a substitute for, or in derogation of, the right to sell the Equipment or as imposing any duty or obligation upon the Trustee to take charge of the Equipment or to collect said rents, issues or profit or to have a receiver appointed for such purposes.

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

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.05. Direction of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, including enforcement of the rights of the Issuer under the Lease or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Holders of Bonds under this Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, issues, earnings, income, products thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.07. Waiver of Stay Laws. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, but the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State.

Section 8.08. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of Operating and Maintenance Expenses, the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of and the costs, expenses, liabilities and advances incurred or made by the Trustee (including but not limited to, attorney's fees, costs and expenses), be deposited into the Bond Fund and all moneys in the funds and accounts maintained by the Trustee under Article VI shall be applied as follows:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (B) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (A) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in its sole and absolute discretion, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem

appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 8.08 and all costs, expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the City.

Section 8.09. Remedies Vested in Trustee. All rights of action including the right to file proof of claims under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds.

Section 8.10. Rights and Remedies of Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder unless a default shall have become an Event of Default and the Holders of 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, or unless also they have offered to the Trustee indemnity as provided in Section 9.01, or unless the Trustee shall thereafter fail or refuse to exercise the power hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Holder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place, from the source and in the manner in said Bonds expressed.

Section 8.11. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Issuer and the Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.12. Waiver of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal, and shall do so upon written request of the Holders of 66 2/3% in aggregate principal amount of all Bonds which may be affected thereby; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any outstanding Bonds at the dates of maturity specified therein or (b) any Event of Default in the payment when due or the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for, and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 8.13. Trustee's Rights and Remedies Under the Lease. The Issuer hereby gives, assigns and pledges to the Trustee and the Holders of the Bonds, as additional security for the Bonds, the right and privilege, in addition to all other rights vested in and remedies available to the Trustee and the Bondholders, including, without limitation, the right to enforce, either jointly with the Issuer or separately, the performance of the obligations of the City under the Lease.

Section 8.14. Corporation's Rights of Possession and Use of Equipment. So long as the Corporation is in full compliance with the terms and provisions of the Lease, the Corporation shall be suffered and permitted to possess, use and enjoy the Equipment and to sublease the Equipment to the City free of claims of the Issuer and the Trustee.

Section 8.15. Sale of Equipment by Issuer; Subletting. In the Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Bondholders, including, without limitation, consenting to the subletting of the Equipment or any part or portion thereof or the assignment of the Lease and/or the sale (if permitted by and subject to applicable laws) of all the estate, right, title and interest, claim and demand, of the Issuer and the Trustee in the Equipment for the benefit of the Bondholders.

Section 8.16. Notice of Default. In the event of any default hereunder, the Trustee shall promptly give written notice thereof to the Issuer and to the City setting forth the nature of such default.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a reasonably prudent corporate trustee, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof, except that in the event the Trustee enters into possession of a part or portion or all of the Equipment pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Corporation under the Lease or the City under the Sublease, except as hereinafter set forth, but the Trustee may require of the Issuer, the Corporation or the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Lease. The Trustee shall not be responsible for reviewing any financial information of the Corporation or the City which it receives pursuant to the Lease or Sublease and shall hold such financial information solely as a repository for the benefit of the holders of the Bonds; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner. Notwithstanding anything to the contrary herein, except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or

document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate of the Issuer signed by its Chairman (and acknowledged by the City) or any certificate signed by an Authorized Officer of the Corporation or the City as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Issuer under its seal to the effect that a resolution or ordinance, as appropriate, in the form therein set forth has been adopted and/or enacted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted and/or enacted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

N. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

O. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

P. None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Q. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

R. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture or any other document reasonably relating to the Bonds sent by the Issuer or the City, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the City, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the City, as applicable, elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the City, as applicable, agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders in the same manner required by Section 3.05 hereof in the case of redemption of the Bonds; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the Holders of the Bonds.

For purposes of this Section 9.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 9.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 9.04. Right to Rely Upon Documents. The Trustee may conclusively rely upon and shall be fully protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 9.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, the Corporation or the City and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 9.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon in writing between the Trustee and the City. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 9.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 9.08. Co-Trustee. The Trustee, with the approval of the City, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 9.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the City and by registered or certified mail to each registered owner of Bonds then outstanding, and such resignation shall take effect at the end of such 30 days or upon the earlier appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 9.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the City and executed by the owners of a majority in aggregate principal amount of the Bonds then outstanding.

Section 9.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Chairman and attested by its Secretary under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by

the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 9.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than $20,000,000.

Section 9.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX within six months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 9.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the City an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon reasonable written request of such successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the Trust Estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by its hereunder.

Section 9.15. Successor Trustee Merger. Any corporation or other organization into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation or other organization resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation or other organization acquiring all or substantially all of the trust business of the Trustee shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may, in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder. In the event the Corporation shall fail under the Lease to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 of the Lease, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 of the Lease, (iii) maintain the Equipment in

repair pursuant to Sections 5.05 and 5.06 of the Lease, (iv) procure the insurance required by Section 5.08 of the Lease, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed under the Lease, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate equal to the lesser of (i) the Trustee's prime rate then in effect plus two percent (2%), or (ii) the highest amount allowed by law, from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of Section 5.09 of the Lease.

Section 9.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.01 hereof. The rights and obligations of the Trustee under this Section 9.17 are subject to the approval of a court of competent jurisdiction.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures not Requiring Consent of Bondholder. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture, as shall not be materially inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To cure any ambiguity or formal defect or omission in this Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(C) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(D) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(E) To modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended; and

(F) To make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the Holder of such Bonds, or (b) a reduction in the amount or extension of the time of any payment required herein, or (c) the creation of any lien (other than any Permitted Encumbrances) upon the Equipment, without the consent of the Holders of 100% in aggregate principal amount of the Bonds at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the Holders of which are required to consent to any such

supplemental indenture, without the consent of the Holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the office of the Trustee designated in Section 15.03 for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X which adversely affects the respective rights of the Corporation under the Lease and while the Corporation is not in default under the Lease or this Indenture or of the City under the Sublease and while the City is not in default under the Sublease or this Indenture shall not become effective unless and until the Corporation or the City, as the case may be, shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of such supplemental indenture to which the Corporation or the City, as applicable, has not already consented, together with a copy of the proposed supplemental indenture and a written consent form to be signed by the Corporation or the City, as applicable, to be mailed by certified or registered mail to the Corporation or the City, as applicable, at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture.

Prior to executing any supplemental indenture, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such supplemental indenture (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

ARTICLE XI

AMENDMENTS TO THE LEASE

Section 11.01. Amendments to Lease or Sublease Not Requiring Consent of Bondholders. The Issuer, the Corporation, the City and the Trustee, as applicable, may without the consent of, or notice to, the Bondholders consent to any amendment, change or modification of the Lease or the Sublease, as the case may be, as may be required (i) by the provisions of the Lease and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission or accurately describing the Equipment, (iii) in connection with any other change therein which, in the judgment of the Trustee, based upon opinion of Counsel, is not to the prejudice of the Trustee or the Holders of the Bonds, or (iv) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds.

Prior to consenting to any amendment to the Lease or Sublease, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such amendment (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

Section 11.02. Amendments to Lease Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 11.01 hereof, neither the Issuer, the Trustee, the Corporation nor the City shall consent to any other amendment, change or modification of the Lease or the Sublease, as the case may be, without the prior written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding given and procured as in this Section provided; provided, however, that no such amendment, change or modification shall be made which affects the terms of or payment for the Bonds. The Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed to Bondholders in the same manner as provided by Section 10.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee of the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.03. No Amendment May Reduce Rent. Under no circumstances shall any amendment to the Lease or Sublease reduce the amount of rent payable thereunder without the

consent of the Holders of all the Bonds Outstanding, except in the event of prepayment or redemption of all or a portion of the principal amount of the Bonds.

ARTICLE XII

SATISFACTION OF THE INDENTURE

Section 12.01. Defeasance. If the Issuer shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways:

(A) By paying or causing to be paid the principal, premium, if any, and interest on all Bonds outstanding, as and when the same become due and payable;

(B) By depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem (when redeemable) all Bonds outstanding; provided that the City shall give written direction to the Trustee for the investment of such fund which will not cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code;

(C) By delivering to the Trustee, for cancellation by it, all Bonds outstanding; or

(D) By depositing with the Trustee, in trust, Government Obligations in such amount as will be or in such amount as an independent accounting firm of national reputation shall certify will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (if called for redemption) and discharge the indebtedness on all Bonds at or before their respective maturity dates, provided that such investments as directed in writing by the City shall not cause the Bonds to be "arbitrage bonds" under Section 148 of the Code; and if the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then and in that case this Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Trustee shall, upon joint written request of the City and Issuer, and upon receipt by the Trustee of an opinion of Bond Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and that the defeasance of the Bonds in such manner will not affect adversely the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds, execute and deliver any necessary and proper instruments acknowledging satisfaction of and discharging this Indenture and the lien hereof. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Issuer for any expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit in any fund created under this Indenture (other than said Government Obligations deposited in trust as above provided) shall, upon the full satisfaction of this Indenture, forthwith be transferred, paid over and distributed to the City or as directed by the City, except those sums necessary to be rebated to the United States under Section 148(f) of the Code whether in the Rebate Fund or otherwise.

The Issuer or the City may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the Issuer or the City may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 12.02. Liability of Issuer Discharged. Upon the deposit with the Trustee, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III herein, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, determine and be completely discharged and the owners thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the following: (i) the Trustee shall hold the proceeds of such Government Obligations or such moneys, as the case may be, without liability for interest thereon or reinvestment thereof, in a separate account for the benefit of Bondholders who have not presented their Bonds on the redemption date; (ii) thereafter, such Bondholders shall be restricted exclusively to such account for any claim whatsoever under the Indenture or Bonds; and (iii) any such funds which remain unclaimed by the Bondholder(s) entitled thereto for a period of two years after the redemption date shall be paid to the City free of any trust or lien and thereafter such Bondholder(s) shall look only to the City for payment and then only to the amounts so received by the City without any interest thereon, and the Trustee shall have no further responsibility with respect to such moneys.

ARTICLE XIII

MANNER OF EVIDENCING OWNERSHIP OF BONDS

Section 13.01. Proof of Ownership. Any request, direction, consent or other instrument provided by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the Issuer, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(A) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(B) The ownership of Bonds shall be proved by the register of such Bonds required to be maintained by the Registrar.

Any action taken or suffered by the Trustee pursuant to any provision of this Indenture, upon the request or with the assent of any person who at the time is the holder of any Bond or Bonds shall be conclusive and binding upon all future holders of the same Bond or Bonds.

ARTICLE XIV

RELEASE AND SUBSTITUTION OF PROPERTY

Section 14.01. Conditions for Release. So long as no default shall have occurred and be continuing under this Indenture, the Trustee shall release, without the consent of any of the Bondholders, any equipment disposed of in accordance with Section 5.07 of the Lease and any of the Equipment or other property subject to the lien of this Indenture, upon receipt by the Trustee of each of the following, upon which the Trustee may conclusively rely:

(A) Written Request. A Written Request by an Authorized Representative of the Corporation for such release, describing the property to be released (referred to in this Article XIV as the "Released Property").

(B) Certificate of Corporation. A Certificate of the Corporation to the Trustee and the Issuer certifying:

(i) The fair market value of the Released Property and of the property (referred to in this Article XIV as the "Substituted Property") to be substituted for the Released Property pursuant to the terms hereof;

(ii) The disposition to be made of the Released Property and the consideration, including the fair market value of consideration other than money, to be received for the Released Property;

(iii) That the disposition of the Released Property and the substitution thereof or of the Substituted Property will not materially adversely affect the operations of the remaining Equipment or any other properties of the Corporation included in the Lease or the ability of the Corporation to satisfy its obligations under the Lease and will not materially reduce or adversely affect the Corporation's net income available for debt service;

(iv) That the Substituted Property will be leased from the Issuer to the Corporation pursuant to the Lease and will constitute Equipment under the Lease and will, in turn, be subleased by the Corporation to the City and will constitute Equipment under the Sublease;

(v) That the fair market value or utility of the Substituted Property is at least equal to the fair market value or utility of the Released Property;

(vi) That the execution and delivery of the release by the Trustee and the subjection of the Substituted Property to the lien of this Indenture will not result in a default by the Corporation under the Lease or by the City under the Sublease; and

(vii) That all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(C) Appraisal of Released Property. An appraisal of the fair market values of the Released Property and of the Substituted Property by an expert acceptable to the Issuer and to the Trustee if the Released Property is not real property.

(D) Opinion of Counsel. A letter of opinion addressed to the Issuer and the Trustee from counsel who is satisfactory to the Issuer and the Trustee to the effect that:

(i) The release of the property requested by the Corporation is authorized hereunder;

(ii) The Substituted Property is subject to and constitutes Equipment under the Lease and under the Sublease, is subject to the lien of this Indenture and is subject to no other liens or encumbrances, except for Permitted Encumbrances;

(iii) The execution and delivery of the requested release and the acceptance of the Substituted Property will not violate any provisions of the Lease or the Sublease or of this Indenture including, without limitation, the provisions of Section 4.07 hereof relating to "arbitrage bonds"; all necessary action required to be taken by the Corporation and by the Issuer to effect the release of the Released Property and the conveyance of the Substituted Property have been taken;

(iv) The documents required to effect the release of the Released Property and substitution thereof or of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with their respective terms; and

(v) To their knowledge, all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(E) Cumulative Exception. Notwithstanding the foregoing provisions of this Section 14.01, the Corporation may make such removals, substitutions, sales and other dispositions of personal property without the obligation to comply with the provisions of this Section 14.01 so long as the cumulative value of the personal property so removed, substituted, sold or otherwise disposed of is less than 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time personal property may be released only on compliance with this Section 14.01

Section 14.02. Disposition of Substituted Property. The Trustee shall invest, subject to Section 7.01 hereof, any cash delivered to it as Substituted Property in Qualified Investments pursuant to a Written Request and any such cash and Qualified Investments shall be held by the Trustee in a separate trust account for the benefit and security of the outstanding Bonds. All income from Qualified Investments pursuant to this Section 14.02 shall be added to the funds held pursuant to this Section 14.02. Funds from time to time on deposit with the Trustee pursuant to this Section 14.02 shall be used to make up any deficiencies in the Bond Fund, and to the extent funds are used to make up such deficiencies, the Corporation, under Section 4.02 of the

Lease, is required to make payment directly to the Trustee for deposit in such trust account the amount of any such deficiencies forthwith. Upon Written Request and provided that no default shall have occurred and be continuing under this Indenture, any funds held by the Trustee pursuant to this Section 14.02 shall be used by the Trustee in redeeming Bonds, in accordance with Article III hereof.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 15.02. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part or portion hereof.

Section 15.03. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer, the Corporation, the City or the Trustee if the same shall be duly mailed by first class mail and addressed as follows, or at such other address as a party may designate by notice to the other parties:

ISSUER: Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301
Attention: Chairman

CITY: The City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330
Attention: City Manager

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

CORPORATION: Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301

Section 15.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close, and no additional interest on such payment shall accrue for the intervening period.

Section 15.05. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.06. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State, without regard to conflict of law principles.

Section 15.07. Immunity of Officers and Members of Issuer. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture or the Lease contained against any past, present or future officer or member of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers or members as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **THE BANK OF NEW YORK MELLON**, as Trustee, have caused these presents to be signed in their respective names and on their behalf and their corporate seals to be affixed and attested, all by their respective officers thereunto duly authorized, and all as of the day and year first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Its Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By _____
Its Authorized Officer

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: _____

(STAMP) _____

STATE OF _____,

COUNTY OF _____, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by_____, an authorized officer of THE BANK OF NEW YORK MELLON, a New York banking corporation acting as trustee, on behalf of the banking corporation acting as trustee.

My commission expires: _____

(STAMP) _____

EXHIBIT A

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-1 $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $_____ pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $_____ (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds [maturing on and after _____, shall be subject to optional redemption by the Issuer, at the option of the Issuer upon written direction of the City, prior to their stated maturities on or after _____, at the redemption price of _____ plus interest accrued thereon to the date set for redemption]..

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the

appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on [June 1, 20__, and June 1, 20__,] are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds Maturing June 1, 20__

Year	Principal Amount

Bonds Maturing June 1, 20__

Year	Principal Amount

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation

and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL] By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

EXHIBIT B

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

No. BR-1 $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Bonds"), issued in the aggregate principal amount of $_____ pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs incurred in connection with the issuance of the Bonds and of the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds"), issued in the aggregate principal amount of $_____, and with refunding and redeeming the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"), with the proceeds of the Series A Bonds. The 1999 Bonds were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant the Lease The Bonds are on a parity as to payment from such rentals and in all other respects with the Series A Bonds.

The Bonds and the Series A Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds [maturing on and after _____, shall be subject to optional redemption by the Issuer, at the option of the Issuer upon written direction of the City, prior to their stated maturities on or after _____, at the redemption price of _____ plus interest accrued thereon to the date set for redemption]..

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on [June 1, 20__, and June 1, 20__,] are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds Maturing June 1, 20__

Year	Principal Amount

Bonds Maturing June 1, 20__

Year	Principal Amount

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL]

By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

APPENDIX E

The following are substantial forms of the Bond Trust Indenture and Lease Agreement.
The Issuer, Trustee and City reserve the right to make non-substantive changes to the documents.

AGREEMENT AND LEASE

Between

CHARLESTON BUILDING COMMISSION,

Lessor,

and

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,
Lessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

AGREEMENT AND LEASE

This Agreement and Lease (hereinafter called the "Lease") dated as of February 1, 2010, by and between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission organized and existing under the laws of the State of West Virginia, as lessor (hereinafter called the "Issuer" or "Lessor"), and the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as the Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as lessee (hereinafter called the "Corporation" or "Lessee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), the City Council of the City (the "City Council") enacted an ordinance on May 19, 1980, creating the Issuer;

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the City Council may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Corporation pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code of West Virginia of 1931, as amended (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt - Bank Qualified) in the aggregate principal amount of $_____ (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $_____ (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and the Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of this Lease and of the 1999 Sublease as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (the 1999 Sublease as so amended is hereinafter referred to as the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $_____;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The

Bank of New York Mellon, as trustee (the "Trustee"), including by a security interest in the Equipment and a collateral assignment of this Lease and the rentals hereunder and any other property or funds pledged under the Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in this Lease, the Sublease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose;

WHEREAS, the execution and delivery of this Lease have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer; and

WHEREAS, all things necessary to constitute this Lease a valid and binding obligation of the City, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined. In addition to the terms defined elsewhere herein and in the Indenture (including the recitals hereto and in the Indenture), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors (or the Executive Committee thereof) of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bondholder," "Holder," "Owner of the Bonds or "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Business Day" means any day on which the office of the Trustee designated in Section 10.01 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing at least five percent of the purchase price of the Bonds by the Underwriter or such other applicable meaning set forth in the Code.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision of the Code.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by the Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Lease, begins on July 1 and ends on the next succeeding June 30.

"Indenture" means the Bond Trust Indenture dated as of the date of this Lease, as it may from time to time be amended or supplemented.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Enabling Act, and any successor in function.

"Lease" means this Agreement and Lease between the Issuer, as lessor, and the Corporation, as lessee, and all amendments hereof and supplements hereto.

"Lease Term" has the meaning assigned to such term under Section 4.01 of this Lease.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is

used remaining after payment of all expenses (including attorneys' fees and any expenses of the Trustee, the Issuer, the Corporation or the City) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means this Lease, the Sublease, the Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the Corporation;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of the Indenture and subject to Section 5.05 hereof.

"Person" means a natural person, firm, association, corporation or public body.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Rent" means, for any period of determination, the amounts payable by the Corporation to the Trustee pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Title" means good and marketable title as to the Equipment, subject only to Permitted Encumbrances.

"Underwriter" means Crews & Associates, Inc.

"Written Request" means a request in writing signed by an Authorized Representative of the Corporation.

Any requirement for execution of the Indenture, the Bonds, this Lease, the Sublease or any Certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice-Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations, Findings, Determinations and Warranties by the Issuer. The Issuer makes the following representations, findings, determinations, and warranties as the basis for the undertakings and covenants on its part and on the part of the Corporation contained herein, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease:

(A) The Issuer is a public corporation and municipal building commission validly created and existing under the Act, and the other laws of the State, is authorized to enter into the transactions contemplated by this Lease and the Indenture and to carry out its obligations hereunder and thereunder, has been duly authorized to execute and deliver this Lease and the Indenture, and it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The leasing of the Equipment, the issuance and sale of the Bonds, the current refunding and redemption of the Bonds To Be Refunded, the execution and delivery of this Lease and the Indenture and the performance of all covenants and agreements of the Issuer contained in this Lease and the Indenture and of all other acts and things required under the Constitution and laws of the State to make this Lease and the Indenture valid and binding obligations of the Issuer in accordance with the terms thereof are authorized by the Act and have been duly authorized by proceedings of the Issuer adopted and enacted at meetings thereof duly called and held.

(C) The Issuer has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer any act or thing whereby its interest in the Equipment shall or may be impaired, charged or encumbered in any manner whatsoever, except by Permitted Encumbrances.

(D) To finance the cost, together with other available funds, of the current refunding and redemption of the Bonds To Be Refunded, the Issuer has authorized issuance of the Bonds in the aggregate principal amount of $_____, to be issued upon the terms set forth in the Ordinance and the Indenture, under the provisions of which, in order to secure the payment of the principal, premium, if any, and interest on the Bonds, the interest of the Issuer in this Lease and the rentals and revenues to be received hereunder are pledged and assigned to the Trustee, and this Lease shall become subject to the lien or pledge provided for in the Indenture for the benefit of the Bondholders.

(E) The Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or

contained in this Lease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose.

(F) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Lease or the Indenture or which, in any way, would adversely affect the validity or enforceability of the Bonds, this Lease, the Indenture or any agreement, document or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

(G) Neither this Lease nor any of the rentals or revenues to be received hereunder has been pledged or hypothecated in any manner or for any purpose other than as provided in the Indenture as security for the payment of the Bonds.

(H) The Issuer shall file, or assist the City in the filing of, any reports or statements, and shall take any other action as may be required from time to time, with respect to the reporting requirements of Section 149(e) of the Code.

(I) The authorization, execution, sale and delivery of the Bonds and the current refunding and redemption of the Bonds To Be Refunded, in the manner provided herein, in the Escrow Agreement and in the Indenture, will not violate any instrument, agreement, document, covenant, law, order or decree to which the Issuer is a party or is subject.

Section 2.02. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease and to inure to the benefit of the Trustee as the assignee of this Lease:

(A) The Corporation is a duly organized and validly existing corporation under the laws of the State of West Virginia and is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code. The Corporation is a nonprofit corporation organized and operated exclusively for not-for-profit purposes, no part of the earnings of which inures to the benefit of any person, private shareholder or individual. The Corporation has conducted its operations and filed all required reports with the Internal Revenue Service to maintain such status.

(B) The Corporation has full legal right, power and authority to enter into this Lease and the Sublease and to carry out and consummate all transactions contemplated hereby and thereby; and it has, by proper action, duly authorized the execution and delivery of the Sublease and this Lease and has approved the Indenture and the issuance of the Bonds.

(C) The Corporation intends to operate the Clay Center, including, but not limited to, the Equipment, as a nonprofit center for, and in furtherance of, providing instruction,

enlightenment and educational opportunities at least until the date on which all of the Bonds have been fully paid and are no longer outstanding.

(D) Neither the execution and delivery of the Sublease or this Lease, the consummation of the transactions contemplated thereby or hereby, nor the fulfillment of or compliance with the terms and conditions of the Sublease or this Lease conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement, document or instrument, or any law, regulation, rule, statute, decree or order, to which the Corporation is now a party or by which it or its properties are bound, or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation under the terms of any instrument, document or agreement other than as contemplated by this Lease and except for Permitted Encumbrances.

(E) The Corporation will maintain its principal place of business and chief executive office in the City of Charleston, West Virginia, so long as the Bonds are outstanding, unless otherwise agreed by the Issuer.

(F) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations, and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its operations or its properties or the Equipment.

(G) The issuance of the Bonds by the Issuer will promote and assist the Corporation in its charitable purposes.

(H) Neither this Lease nor any other document, agreement, instrument, certificate or statement furnished to the Issuer by or on behalf of the Corporation in connection herewith and therewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. It is specifically understood by the Corporation that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds.

(I) No action will be taken which will cause interest on the Series A Bonds to be included for federal income tax purposes in the gross income of the Owners of the Series A Bonds.

(J) Proceeds of the Series A Bonds will not be used in a manner that would cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code.

(K) The Corporation has all necessary licenses, certificates, approvals and permits to lease, use and operate the Equipment.

(L) The Equipment is and will be located entirely within the corporate boundaries of the City and has a substantial connection with the Issuer.

(M) Except for the Series B Bonds with respect to items (i), (iii) and (iv), below, there are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States of America, or political subdivision of any of the foregoing or of the District of Columbia, which (i) were or are to be sold at substantially the same time as the Series A Bonds, (ii) were or are to be sold at substantially the same interest rate as the interest rate of the Series A Bonds, (iii) were or are to be sold pursuant to a common plan of marketing as the marketing plan for the Series A Bonds, and (iv) were or are payable directly or indirectly by the Corporation, and any related person to the Corporation, a common or pooled security or from the source from which debt service on the Series A Bonds is payable.

(N) The Corporation has designated the Series A Bonds as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code, and the Corporation and its subordinate entities have not and will not issue more than $30,000,000 in aggregate principal amount of tax-exempt bonds during calendar year 2010.

(O) The Corporation will provide and insure the proper and timely filing of a statement concerning the issue of which the Series A Bonds are a part, on behalf of the Issuer, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, containing such information as is required under Section 149(e) of the Code.

(P) The Corporation will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(Q) The Corporation warrants and represents that no portion of the proceeds of the Series A Bonds shall be used directly or indirectly to provide residential rental property for family units or any airplane, skybox or other private luxury box, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption of premises.

(R) The Equipment is are and will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation, by an organization described in Section 501(c)(3) of the Code or by a local governmental unit or any another entity whose ownership will not adversely affect the exclusion from gross income of interest on the Series A Bonds for Federal income tax purposes.

(S) Notwithstanding Subsection (R), above, the Corporation recognizes and agrees that title to the Equipment is vested in the Issuer, that the Issuer has granted to the Trustee a security interest in the Equipment, and that this Lease and the Corporation's rights and interest hereunder are subject to the Indenture.

(T) The Corporation hereby acknowledges that it has received a copy of the Indenture and agrees to comply with each provision of the Indenture applicable to it or to the Equipment.

ARTICLE III

ISSUANCE OF BONDS BY THE ISSUER; ASSIGNMENTS

Section 3.01. Sale of Bonds. If the Issuer and the City shall have determined that the Bonds can be issued and sold upon fair and reasonable terms, the Issuer shall issue, sell and deliver the Bonds in an aggregate principal amount of $_____ pursuant to and in conformity with the Ordinance and the Indenture. The proceeds of the Bonds shall be applied as provided in the Indenture.

Section 3.02. Payment of Bonds. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with the provisions of the Indenture, and the rentals owed by the Corporation hereunder shall be paid directly to the Trustee and shall be pledged to secure the payment of the Bonds as provided in the Indenture and herein.

Section 3.03. Assignment of Rights Under Lease. Except as otherwise expressly provided herein and in the Indenture, this Lease and the rights, interest, powers, privileges and benefits accruing to or vested in the Issuer hereunder shall be protected and enforced in conformity with the Indenture and are hereby assigned by the Issuer to the Trustee as additional security for the Bonds and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions hereof and of the Indenture. THE ISSUER SHALL RETAIN NO RIGHTS HEREUNDER, EXCEPT THOSE RIGHTS SET FORTH IN SECTION 7.06 AND THE RIGHT TO PAYMENT OF EXPENSES PURSUANT TO ITEM (3) OF SECTION 4.02 OF THIS LEASE, AND, NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, ONLY THE TRUSTEE SHALL HAVE THE RIGHT TO PURSUE ANY REMEDIES HEREUNDER.

Section 3.04. Assignment of Rights Under Sublease. As security for its obligations under this Lease, Lessee hereby assigns, conveys, pledges and grants to Lessor a security interest in and lien on all of Lessee's right, title and interest in the Sublease and the rentals payable by the City thereunder. Such assigned rights, title and interest shall be further assigned by Lessor to the Trustee as additional security for the Bonds in accordance with Section 3.03, above, and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions thereof and of the Indenture.

ARTICLE IV

DEMISING CLAUSES AND RENT

Section 4.01. Leasing of the Equipment - Term of Lease; Termination. In consideration of the rentals to be received by the Issuer and of the covenants and promises herein contained to be kept and performed by the Corporation, and in consideration of the issuance of the Bonds by the Issuer and the assignment of this Lease by the Issuer to the Trustee, the Issuer hereby demises and leases the Equipment to the Corporation, and the Corporation hereby hires, takes and leases the Equipment from the Issuer, for the Lease Term, at the rentals and on the conditions herein set forth.

The term of the demise and leasing of the Equipment by the Issuer to the Corporation (the "Lease Term") shall commence on the date of delivery of executed counterparts of this Lease to the parties hereto and shall extend, unless sooner terminated in accordance with the provisions hereof, to [June 30, 2025], provided, however, that the Lease Term shall expire on such earlier date as the principal of, premium, if any, and interest on all the Bonds and all other expenses payable by the Corporation hereunder shall have been paid or provisions for their payment shall have been made in accordance with the Indenture and this Lease.

Anything to the contrary herein notwithstanding, this Lease shall be considered cancelled, without further obligation of the part of Lessee, if the City Council fails to budget sufficient funds to fulfill the City's obligations under the Sublease. Such obligations include the payment of funds in an amount sufficient to permit Lessee to fulfill its obligations under this Lease. In such event, Lessee may immediately redeliver possession of the Equipment to Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Equipment except for rent accruing prior to such date of redelivery. In the alternative, Lessee may exercise its right to purchase the Equipment pursuant to the provisions of Section 4.06 hereof.

It is further agreed by and between the parties hereto that the City shall have the right to cancel the Sublease without further obligation on its part upon giving 30 days' written notice to Lessor and Lessee, such notice being given at least 30 days prior to the last day of the succeeding month.

Section 4.02. Rent. Until payment in full of the Bonds and the interest thereon and all fees and charges of the Trustee and all other fees, charges and costs owed by the Corporation hereunder, the Corporation shall pay, directly to the Trustee, [at least three business days] [on or] prior to the first day of June and the first day of December in each year, commencing June 1, 2010, and at such other time or times as any amount or amounts shall be due under the Indenture which correspond to components of rent hereunder, each such installment to be computed by adding, as applicable, the following:

(1) The installments required to pay the principal amount of the Bonds and the interest thereon at the times and in the amounts required by the Indenture;

(2) The fees then due to the Trustee for services under the Indenture and under this Lease; and

(3) The amount of any expenses incurred by the Trustee or the Issuer pursuant to this Lease or the Indenture.

In any event, so long as any of the Bonds are outstanding, the Corporation promises to pay sufficient rentals to pay promptly the principal of, premium (if any) and interest on the Bonds as and when the same become due and payable, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All payments of Rent shall be made directly to the Trustee at the address set forth in Section 10.01 hereof. This Lease is a net lease, and the Issuer shall be under no obligation to operate, maintain, replace or improve the Equipment or pay the cost thereof, but shall be entitled to have the Rent paid as required herein on an absolute net basis, and such Rent shall not be subject to abatement before retirement of all Bonds.

Section 4.03. Corporation's Obligations Unconditional. The Issuer and the Corporation covenant and agree that the Corporation shall bear all risk of damage or destruction in whole or in part to the Equipment or any part or portion thereof, including, without limitation, any loss, complete or partial, or interruption in the use or operation of the Equipment, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or operation of the Equipment or the compliance by the Corporation with any of the terms hereof. In furtherance of the foregoing, but subject to Section 4.01 and without limiting any of the other provisions hereof, the Corporation covenants and agrees that its obligations to pay the rents and other sums herein provided for and to perform and observe its other covenants and agreements contained herein shall be absolute and unconditional and that the Corporation shall not be entitled to any abatement or diminution thereof (except for insurance or condemnation proceeds which are paid directly to the Trustee) or to any termination of this Lease by reason of:

(A) Any damage to or destruction or condemnation of the Equipment or any part or portion thereof; or

(B) Any interruption or prevention from any cause whatsoever of the use or operation of the Equipment or any part or portion thereof and whether or not resulting from any restriction or requirement of law, ordinance, rule or regulation of any public body or authority having jurisdiction over the Equipment (whether relating to the use or operation of the Equipment or the use or occupancy of the Clay Center or the quality, character or condition of the structures, buildings, improvements or equipment thereon or otherwise) and whether or not on account of any violation by the Corporation of this Lease; or

(C) Any acts or circumstances constituting failure of consideration, eviction or constructive eviction, or commercial frustration of purpose: or

(D) Any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision or agency of either; or

(E) Any indebtedness or liability of the Issuer to the Corporation or any failure of the Issuer to observe or perform any covenant or agreement, whether express or implied, or any duty, liability or obligation arising out of or contained herein or otherwise; or

(F) Any failure or defect in the Title to the Equipment; or

(G) Any other reason whatsoever, whether similar or dissimilar to the foregoing, except as otherwise specifically provided herein.

Section 4.04. Corporation's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its covenants or agreements herein, and if the Issuer should fail to perform any such covenant or agreement, the Corporation may institute such action against the Issuer as the Corporation may deem necessary to compel the performance or to recover damages for nonperformance, subject to Section 8.03 hereof, so long as such action shall not violate the Corporation's covenants or agreements in Section 4.03. The Corporation may at its own cost and expense, and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding against third parties or take any other action which the Corporation deems reasonably necessary to secure or protect its right of possession, occupancy and use of the Equipment under this Lease. In that event, the Issuer agrees to cooperate fully with the Corporation, and to take all action necessary to effect the substitution of the Corporation for the Issuer in any such action or proceeding if the Corporation shall so request.

Section 4.05. Prepayment of Rents. Pursuant to and subject to the terms of the Indenture, the rentals payable hereunder may be prepaid in whole at any time. In addition to the foregoing, there is hereby reserved to the Corporation the right, and the Corporation is hereby authorized and permitted, at any time and as often as it may choose, to prepay all or any part of the rents payable under Section 4.02 hereof, together with such other amounts as shall be sufficient to redeem all of the Bonds in accordance with the provisions of the Indenture, and the Issuer agrees that the Trustee may accept such prepayments of rents and other sums when the same are tendered by the Corporation. All rents and other sums prepaid pursuant to this Section 4.05 shall be applied to the redemption or purchase of the Outstanding Bonds in the manner and to the extent provided for in the Indenture.

Except as otherwise provided herein, in the event of all or any portion the Bonds becoming due and payable pursuant to the provisions of Articles VI or IX hereof, rentals hereunder sufficient to pay the interest and principal thereon shall be and become at once due and payable.

Section 4.06. Transfer of Title in Equipment to Corporation Upon Payment or Prepayment of Rent. Upon payment of all rental payments required hereunder and the sum of

One Dollar ($1.00), and upon payment by the Issuer of the principal of, redemption premium, if any, and interest on the Bonds, at the expense of the Corporation, the Issuer shall make and deliver to the Corporation a good and proper bill of sale and/or other instruments of conveyance, releases, assignments or transfers required by the Corporation upon advice of counsel, duly executed and acknowledged with transfer stamps (if applicable) attached thereto, granting, conveying, transferring and/or releasing any and all right, title and interest of the Issuer in and to the Equipment, subject to all reservations, exceptions, conditions, easements, rights of way, or other like limitations of record or otherwise under and by which the Issuer is bound in its interest in and to the Equipment.

Section 4.07. Indemnification.

(A) To the extent permitted by law, the Corporation releases the Issuer and the Trustee from and agrees that the Issuer and the Trustee shall not be liable for, and agrees to indemnify and hold the Issuer and the Trustee harmless from, any liability for, or expense (including but not limited to reasonable attorneys' fees) resulting from, or any loss or damage that may be occasioned by any cause whatsoever pertaining to the issuance, sale and delivery of the Bonds, the actions taken or to be taken by the Issuer or the Trustee under this Lease or the Indenture, except for the gross negligence or willful misconduct of the Issuer or negligence or willful misconduct of the Trustee. The parties intend that no general obligation or liability or charge against the general credit of the Issuer shall occur by reason of entering into this Lease or the Indenture, the issuance of the Bonds or performing any act required of it by the Sublease, this Lease or the Indenture. Nevertheless, if the Issuer shall incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold the Issuer harmless by reason thereof, to the extent permitted by law, as provided herein, unless such liability results from the gross negligence or willful misconduct of the Issuer.

(B) No provision in this Lease or in the Indenture or any obligation imposed upon the Issuer, or the breach of those provisions or obligations, will constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing power, if any. No board member, employee, officer, director or agent of the Issuer will be personally liable with respect to the Sublease, this Lease, the Indenture, the Bonds or any of the documents related thereto.

(C) Except as described in Subsection (A), the Corporation will pay and will indemnify, defend and hold the Issuer and the Trustee, including any person at any time serving as a director, officer, employee, agent or consultant of the Issuer or the Trustee or any person who controls the Issuer or the Trustee within the meaning of the Securities Act of 1933, as amended (collectively, the "Indemnified Parties"), harmless from and against all claims, liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), suits and judgments of any kind arising out of:

(1) Those matters set forth in Section 7.06 hereof;

(2) The issuance and sale of the Bonds;

(3) The execution and delivery of the Sublease, this Lease, the Indenture, or any document required or in furtherance of the transactions contemplated by them; or

(4) The performance of any act required of any indemnitee under this Section or under any provision of the Sublease, this Lease or the Indenture or any document required or in furtherance of the transactions contemplated by them.

(D) An Indemnified Party will promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Corporation in writing. If a proceeding is commenced against the Indemnified Party, the Corporation may participate in the proceeding and, to the extent it elects to do so, may assume the defense with counsel satisfactory to the Indemnified Party. If, however, the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Corporation, or if the Corporation fails to assume the defense of proceeding or to employ counsel for that purpose within a reasonable time after notice of commencement of the proceeding, the Corporation will not be entitled to assume the defense of the proceeding on behalf of the Indemnified Party, but will be responsible for the reasonable fees, costs and expenses of the Indemnified Party in conducting its defense.

(E) No covenant or agreement contained in this Lease or in the Indenture will be deemed to be the covenant or agreement of any board member, officer, attorney, agent or employee of the Issuer, the Trustee or the Corporation in an individual capacity. No recourse will be had for any payment or any claim against any officer, board member, agent, attorney or employee of the Issuer, the Trustee or the Corporation, past, present, or future, or its successors or assigns, either directly or through the Issuer, or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all liability of such board members, officers, agents, attorneys or employees being released as a condition of and as a consideration for the execution and delivery of this Lease.

(F) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section is for any reason held to be unavailable to the Indemnified Party, the Corporation shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Indemnified Party in such proportion as is appropriate to reflect the relative fault of the Corporation in connection with the claim or the commencement of a proceeding regarding which indemnity under this Section may be sought; provided, however, that no person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(G) The indemnifications set forth herein shall survive the termination of this Lease and the Indenture.

Section 4.08. Quiet Enjoyment. Lessor covenants that, upon payment of the rentals as provided above, it will warrant and defend the title of Lessee against any and all claims whatsoever, not arising hereunder, during the term of this Lease and that Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold and enjoy the Equipment.

ARTICLE V

COVENANTS RELATING TO THE USE AND OPERATION OF THE EQUIPMENT; SUBLEASE

Section 5.01. Taxes, Charges and Assessments. The Corporation covenants and agrees, subject to the provisions of Section 5.04 hereof relating to permitted contests, to pay or cause be paid before the same become delinquent:

(A) All taxes, charges and fees on account of the use or operation of the Equipment, including but not limited to, all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against the Equipment or on account of the Corporation's use or operation thereof or the activities conducted thereon or therewith; and

(B) All taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the Lease Term upon all or any part or portion of the Equipment, or the interest of the Issuer and of the Corporation or either of them in and to the Equipment, or upon the Issuer's and the Corporation's interest, or the interest of either of them, in this Lease or the rentals payable hereunder.

If, under applicable law, any such tax, charge, fee, rate, imposition or assessment may, at the option of the taxpayer, be paid in installments, the Corporation may exercise such option. The Corporation covenants and agrees that it will, at its own cost and expense, obtain exemption from all taxes and other charges referred to in this Section 5.01 to the extent permitted under applicable law.

As between the parties hereto, the Corporation shall have the duty of making and filing all statements or reports which may be required under applicable law in connection with any such tax, charge, fee, rate, imposition or assessment, and the Issuer agrees promptly to forward to the Corporation any and all notice of or bills in connection with any such charge, fee, rate, imposition or assessment. The Issuer hereby grants to the Corporation the right to use the name of the Issuer, to the extent the use of the name of the Issuer is permitted by or necessary under applicable law, in connection with any contest of the amount or validity of any tax, charge, fee, rate, imposition or assessment. If the provisions of any law, rule or regulation at the time in effect shall require such statements or reports to be executed and filed by the Issuer or such proceedings to be brought by the Issuer, the Issuer shall, at the request and expense of the Corporation, execute and file such statements or reports or, as the case may be, shall join in such proceedings, but the Issuer shall not be subject to any liability for the payment of any costs or expenses in connection therewith. The Corporation covenants and agrees that all statements, reports and other documents prepared for execution by the Issuer solely or by the Issuer jointly with Corporation shall be true, accurate and complete.

Nothing contained herein shall be deemed to constitute an admission by either the Issuer or the Corporation to any third party other than the Trustee that either the Issuer or the Corporation is liable for any tax, charge, fee, rate imposition or assessment.

Section 5.02. Liens. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Equipment or any part or portion thereof, other than Permitted Encumbrances.

Section 5.03. Compliance with Orders. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will, at its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to the Corporation or the Equipment or any part or portion thereof, the Clay Center or any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining the Clay Center or any part or portion thereof or to the use or manner of use, operation or condition of the Equipment or any part or portion thereof.

Section 5.04. Permitted Contests. The Corporation shall not be required to pay any tax, charge, fee, rate, imposition or assessment referred to in Section 5.01 hereof, or to remove any lien, charge or encumbrance required to be removed under Section 5.02 hereof, or to comply with any law, ordinance, order, decree, rule, regulation or requirement referred to in Section 5.03 hereof, so long as the Corporation shall contest, in good faith and at its cost and expense, in its own name and behalf or in the name and on behalf of the Issuer, the amount or the validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, charge, fee, rate, imposition, assessment, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Equipment or any part thereof, or of the rent or any portion thereof, to satisfy the same; provided, that no such contest shall subject the Issuer or the Trustee to the risk of any liability. While any such matters are pending, the Issuer shall not pay, remove or cause to be discharged the tax, charge, fee, rate, imposition, assessment, lien or encumbrance being contested, unless the Corporation agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Corporation to settle any such contest), and in any event the Corporation will pay all losses, judgments, decrees and costs (including attorney's fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed, imposed or determined to be payable therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The Corporation shall give the Issuer prompt written notice of any such contest, and the Issuer agrees to cooperate with the Corporation, at the Corporation's cost and expense, in any such contest.

Notwithstanding any rights granted to the Corporation under the preceding paragraph of this Section 5.04, if the Trustee or the Issuer shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any of the foregoing items within 30 days the lien of the Indenture as to any substantial part of the Equipment will be materially endangered or the

Equipment or any part or portion thereof will be subject to imminent loss or forfeiture, then the Corporation shall promptly, but in any event in not more than five days from receipt by the Corporation of such notification, pay all such unpaid items or cause them to be stayed, satisfied and discharged.

Section 5.05. Use of the Equipment. The Corporation will use the Equipment only in connection with the use, occupation and operation of the Clay Center and in furtherance of lawful corporate purposes of the Corporation.

Subject to the terms of this Lease, the Corporation may sublease any part or portion of the Equipment or contract for the performance by others of operations or services on or in connection with the Equipment, or any part or portion thereof, for any lawful purpose, provided that (i) each such sublease or contract shall not be inconsistent with the provisions of the Indenture or this Lease, (ii) the Corporation shall remain fully obligated and responsible under this Lease to the same extent as if such sublease or contract had not been executed, and (iii) the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected by any such sublease or contract, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to execution of any such sublease or agreement.

The foregoing provisions are in addition to, and not in lieu of, any of the other provisions of this Lease relating to the use and operation of the Equipment.

Section 5.06. Repairs, Maintenance and Alterations. The Corporation will throughout the Lease Term, at its own cost and expense, keep the Equipment in good and tenantable repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operation will permit and will make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The Corporation shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in or to the Equipment, subject, however, in all cases to the following conditions:

(A) No alteration of any kind shall be made which would result in a violation of the provisions hereof; and

(B) All alterations to the Equipment shall become a part of the Equipment. With respect to any repairs, construction, restoration, replacement or alterations performed upon the Equipment by the Corporation during the Lease Term, in accordance with or as required by any provisions hereof, the Corporation agrees that:

(1) No work in connection therewith shall be undertaken until the Corporation shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and

governmental subdivisions having jurisdiction, and the Issuer agrees to join in the application for such permits or authorizations whenever such action is necessary;

(2) All work in connection therewith shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the municipality or other governmental subdivision wherein the Equipment is situated, and with all laws, ordinance, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Equipment, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and

(3) Workers' compensation coverage for all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Issuer or the Corporation, and general liability insurance (specifically covering this class of risk) for the mutual benefit of the Issuer and the Corporation in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate endorsement, if obtainable, upon the insurance referred to in Section 5.08 hereof. All such insurance shall be effected with financially sound and reputable insurance companies qualified to do business in the State, and, upon the Issuer's written request, the Corporation shall deliver to the Issuer all policies or certificates thereof or issued by the respective insurers endorsed "Premium Paid" by the company or agencies issuing the same or with other evidence of payment of the premiums satisfactory to the Issuer.

Section 5.07. Renewal and Replacement of Equipment. In any instance where the Corporation in its sole discretion determines that any items of such Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Corporation may remove such items from the Equipment and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Corporation substitutes and installs and transfers to the Issuer other machinery or equipment having equal or greater value (but not necessarily having the same function, provided such removal and substitution shall not impair operating utility).

In the event that the Corporation prior to such removal of items of Equipment has acquired and installed machinery or equipment with its own funds which has become Equipment for purposes of this Lease, the Corporation may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater utility.

The Corporation will promptly report to the Trustee each such removal, substitution, sale and other disposition; provided, that no such report and payment need be made until after the amount on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time such reports must be made. The Corporation shall execute any instruments reasonably required by the Issuer

or the Trustee to evidence the transfer of the substituted machinery or equipment to the Issuer and its inclusion as Equipment leased under this Lease and as part of the Trust Estate.

Section 5.08. Liability and Casualty Insurance. The Corporation shall maintain the following insurance during the Lease Term at its sole cost and expense:

(A) Insurance against loss and/or damage to the Clay Center, including the Equipment, under a policy or policies covering such risks as are ordinarily insured against by similar municipal facilities, including, without limiting the generality of the foregoing, fire, lightning, windstorms, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, boiler insurance, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements and to the extent obtainable earthquake and pollution coverage, limited only as may be provided in the standard form of such endorsements at the time in use in the State. Such insurance shall be for not less than the full insurable value of the Clay Center. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of coinsurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term "full insurable value" means the actual replacement cost of the Clay Center (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) after deduction for physical depreciation, specifically including the Equipment, and shall be determined from time to time at the request of the Trustee, but not more frequently than once every five years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case selected and paid for by the Corporation and approved by the Trustee.

(B) Comprehensive general public liability insurance and landlord's liability insurance, protecting the Issuer, the Trustee and the Corporation as their interests may appear, against liability for injuries to persons and/or property, occurring on, in or about the Equipment, in in such amounts as is customarily carried by like organizations in like activities of comparable size.

(C) Workers' compensation insurance respecting all employees of the Corporation in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided, that the Corporation may be self- insured with respect to all or any part of its liability for workers' compensation to the extent permitted by law.

(D) Fidelity insurance on the officers and employees of the Corporation in such amounts as is customarily carried by like organizations in like activities of comparable size.

Each policy of insurance obtained pursuant to subparagraphs (A), (B), (C) and (D) shall (i) be issued by a recognized, financially sound and responsible insurance company qualified under the laws of the State to assume the risks covered by such policy, and (ii) provide that such policy shall not be canceled without at least 10 days' prior written notice to each insured named therein. Any policy obtained pursuant to subparagraph (A) above shall further (i) name the Issuer, the Trustee and the Corporation as insureds, as their respective interests may appear, and (ii) provide that any loss thereunder not exceeding $25,000 shall be payable directly to the

Corporation, and any loss thereunder in excess of $25,000 shall be payable to the Trustee, and the Trustee shall have the exclusive right to receive the proceeds from such insurance and to receipt for claims thereunder. The Corporation shall have the right to receive the proceeds from any insurance maintained pursuant to subparagraphs (B), (C) and (D) above.

Upon the commencement of the term of this Lease and thereafter not less than 15 days prior to the expiration dates of the expiring policies, certificates issued by the respective insurers of the policies provided for in subparagraphs (A), (B) and (D) shall be delivered by the Corporation to the Trustee and, if requested, the Issuer. If requested in writing by the Trustee or the Issuer, the Corporation shall furnish the Trustee or the Issuer, as applicable, with the schedule of premium payment dates and receipted bills or other evidence satisfactory to the Trustee or the Issuer, as applicable, of the payment when due of all premiums for all policies of insurance at any time required to be maintained under the terms of this Lease.

Upon the written request of the Corporation, the Trustee may permit modification to the insurance coverage hereinabove provided, including but not limited to, permission for the Corporation to be self-insured in whole or in part or to enter into a pooled self-insurance program with other institutions for any such coverage or to substitute commercial insurance for self-insurance.

Notwithstanding any provision in this section, should the federal or state governments provide directly or indirectly by any method for the payment or limitation of claims referred to in subparagraph (B) of this section, for any period, the requirements of such subsection may be reduced for such period upon the written recommendation of the insurance consultant and with the consent of the Trustee.

Anything to the contrary in this Section 5.08 notwithstanding, the Corporation may satisfy the requirements for insurance under paragraphs (A) and (B), above, by obtaining insurance through the State Board of Risk and Insurance Management in the maximum amounts and for the coverages available.

Section 5.09. Trustee's Rights to Perform Corporation's Covenants; Advances. In the event the Corporation shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 hereof, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 hereof, (iii) maintain the Equipment in repair pursuant to Sections 5.05 and 5.06 hereof, (iv) procure the insurance required by Section 5.08 hereof, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed hereunder, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate of six percent (6%) from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of this Section 5.09.

Section 5.10. Corporation Shall Manage, Operate and Administer Equipment. This Lease is a net lease, and the Issuer shall retain no rights with respect to the operation, management or administration of the Equipment, except as set forth herein with respect to an Event of Default. The Corporation shall have the sole right, subject to the terms of the Indenture and this Lease, during the term of this Lease, to operate, manage and administer the Equipment, including, but not limited to all decisions with respect to hiring and discharge of employees, acquiring and selling of equipment or additional property, incurring additional debt, adding or abandoning services and all other matters incidental to the operation, management and administration of the Equipment.

Section 5.11. Equipment Constitutes Personal Property. It is understood and agreed that the Equipment, whether annexed to the Clay Center or not, constitutes personal property.

Section 5.12. Sublease. Anything to the contrary in this Lease or the Indenture notwithstanding, Lessor hereby consents to the 1999 Sublease and to the execution and delivery by Lessee of a first amendment thereto, which Sublease provides for the payment of rentals by the City to Lessee, which Lessee shall apply toward the payment of the Rent specified in Section 4.02 hereof. Lessor has received a copy of the Sublease.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.01. Damage or Destruction. The Corporation agrees to notify the Issuer and the Trustee immediately in the case of damage exceeding $25,000 in amount to, or destruction of, the Equipment or any part or portion thereof resulting from fire or other casualty. In the event that any such damage does not exceed $25,000, the Corporation will forthwith repair, reconstruct and restore the Equipment to substantially the same conditions as it existed prior to the event causing such damage and will apply the Net Proceeds of any insurance relating to such damage received by the Corporation to the payment or reimbursement of the costs of such repair, reconstruction and restoration. The Issuer agrees that the Net Proceeds of any insurance relating to such damage not exceeding $25,000 may be paid directly to the Corporation.

In the event the Equipment or any part or portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to equal or exceed $25,000, then the Corporation shall, within 90 days after such damage or destruction, elect one of the following two options by written notice of such election to the Trustee:

(A) OPTION A - REPAIR AND RESTORATION. The Corporation may elect to repair, reconstruct and restore the damaged Equipment. In such event the Corporation shall proceed forthwith to repair, reconstruct and restore the damaged Equipment to substantially the same condition as existed prior to the event causing such damage or destruction and will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Corporation from the Trustee to the payment or reimbursement of the costs of such repair, reconstruction and restoration. As long as the Corporation is not in default under Section 9.01(A) hereof, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Corporation upon the receipt of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

(ii) The written approval of such written request by an independent architect.

It is further understood and agreed that, in the event the Corporation shall elect this Option A, the Corporation shall complete the repair, reconstruction and restoration of the Equipment, whether or not the Net Proceeds of insurance received by the Corporation for such purposes are sufficient to pay for the same.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of all the Rent payable

hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

Section 6.02. Condemnation. This Lease and the interest of the Corporation hereunder shall terminate as to the Equipment or any part or portion thereof condemned or taken for any public or quasi-public use (or sold under the threat thereof) when title thereto vests in the party condemning, taking or acquiring the same (hereinafter referred to as the "termination date"). The Corporation hereby irrevocably assigns to the Issuer and to the Trustee, as their respective interests may appear, all right, title and interest of the Corporation in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation, taking or sale during the Lease Term. Such Net Proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided.

In the event of any such condemnation, taking or sale, the Corporation shall within 90 days after the termination date therefor elect one of the following two options by written notice of such election to the Trustee:

(A) OPTION A - REPAIRS AND IMPROVEMENTS. The Corporation may elect to use the Net Proceeds of the award made in connection with such condemnation, taking or sale for repairs and improvements to the Equipment. In such event, as long as the Corporation is not in default under Section 9.01(A) hereof, the Corporation shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the moneys legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(ii) If such net Proceeds equal or exceed $100,000 in amount, the written approval of such written request by an independent architect.

The Corporation agrees to apply any such Net Proceeds so received solely to the purposes specified in such written request.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable as a result of condemnation, taking or sale under threat of condemnation or taking applied to the prepayment of all the Rent payable hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

The Issuer and the Trustee shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof and will, to the extent they may lawfully do so, permit the Corporation to litigate in any such proceeding in the name and behalf of the Issuer. In no event

will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof without the written consent of the Corporation.

Section 6.03. Other Provisions with Respect to Net Proceeds. The Net Proceeds of any insurance or condemnation award received by the Issuer and the Trustee shall, at the request of the Corporation, be deposited with the Trustee in a special trust account and invested or reinvested by the Trustee as agreed between the Trustee and the Corporation, subject to the Corporation's right to receive the same pursuant to Sections 6.01(A) and 6.02(A) hereof.

Section 6.04. Investment Limitations and Rebate on Insurance and Condemnation Proceeds. Notwithstanding the foregoing Sections, the proceeds of any insurance or condemnation, taking or sale award shall be invested, pending disbursement or use as provided in this Lease, as then permitted by applicable law, as evidenced by an opinion of Bond Counsel, it being the intent that such investments not adversely affect the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes, and any sums required to be rebated to the United States pursuant to Section 148(f) of the Code as a result of such insurance or condemnation, taking or sale proceeds or award or investments thereof shall be paid in the time and manner set forth in said Section 148(f).

ARTICLE VII

OTHER COVENANTS OF THE CORPORATION

Section 7.01. Maintenance of Corporate Existence and Status. The Corporation agrees that it will at all times maintain its existence as a nonprofit corporation organized, existing and qualified to do business under the constitution and laws of the State and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation. The Corporation further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its members, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Corporation; provided, however, that the Corporation may pay to any person, association or corporation the value of any service or product performed for or supplied to the Corporation by such person, association or corporation.

The Corporation, represents, warrants, covenants and agrees that: (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a letter or determination from the Internal Revenue Service to that effect; (iii) such letter has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter; (v) the facts and circumstances which form the basis of such letter continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from Federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code necessary to maintain such status.

The Corporation agrees that it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at the Clay Center or any of its other properties, or permit the Clay Center or any of its other properties, to be used in or for any trade or business, that may adversely affect the basis for the exemption under Section 501 of such Code.

The Corporation (or any related person, as defined in Section 147(a)(l) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase any of the Series A Bonds.

Section 7.02. Merger, Etc. The Corporation will not dispose of all or substantially all of its assets as an entirety (whether by liquidation, dissolution or otherwise) and will not consolidate with or merge into another corporation unless the resulting, surviving or transferee corporation, as the case may be, (i) is a nonprofit corporation organized under the laws of the United States of America, or any state or territory thereof, (ii) shall expressly assume in writing the obligations of the Corporation contained in this Lease, (iii) will not then be in default under the terms of this Lease, (iv) is, by virtue of a ruling from the Internal Revenue Service to such effect, exempt from Federal income taxes under Sections 501(c)(3) and 501(a) of the Code and is not a "private foundation" as defined in Section 509 of the Code, and (v) the exclusion of the interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected thereby, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to any such event.

Upon any such merger or consolidation the Corporation or the surviving corporation shall deliver to the Trustee a certificate signed by its President or its Chairman and by its chief financial officer demonstrating that all of the foregoing conditions have been satisfied, which certificate shall be supported by reports or opinions signed by its independent certified public accountants and Bond Counsel.

Section 7.03. Financial Statements, Etc. The Corporation covenants that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions relating to the Equipment, in accordance with generally accepted principles of accounting consistently maintained, and will upon request furnish to the Issuer, the Trustee and any requesting Holder or Holders of 10% or more in aggregate principal amount of Bonds then Outstanding:

(A) Within 120 days after the last day of each of its fiscal years, a certificate of the Corporation signed by its President, Chairman or chief financial officer, stating that the Corporation has made a review of its activities during the preceding fiscal year for the purpose of determining whether or not the Corporation has complied with all of the terms, provisions and conditions hereof and that the Corporation has kept, observed, performed and fulfilled each and every covenant, provision and condition hereof on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if the Corporation shall be in default such certificate shall specify all such defaults and the nature thereof; and

(B) Such additional information as the Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding may reasonably request concerning the Corporation in order to enable the Trustee or such Holder to determine whether the covenants, terms and provisions hereof have been complied with by the Corporation.

Without limiting the foregoing, the Corporation will permit any Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding (or such persons as such Holder may designate) to visit and inspect the Equipment at the expense of such Holder.

Section 7.04. No Representation by Issuer as to Condition or Suitability. The Corporation acknowledges (i) that the Issuer has acquired its interest in the Equipment at the request of the Corporation in connection with the Series 1999 Bonds and that the Corporation has examined the Equipment and knows the condition thereof and under this Lease accepts the same in said condition, (ii) that the Issuer has made no warranty, either express or implied, as to the conditions of the Equipment or any part or portion thereof or that the Equipment will be suitable for the Corporation's purposes or needs, and (iii) that the Corporation in entering this Lease is relying solely upon its own knowledge of the Equipment.

Section 7.05. Liens and Encumbrances. The Corporation covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance,

lien or charge of any kind upon the Equipment or upon any income or proceeds of the Corporation in respect of the Equipment, except Permitted Encumbrances.

Section 7.05. Corporation Authorization. The Corporation covenants and warrants that it is duly authorized, under the laws of the State and under all other applicable provisions of law, to execute and deliver the Sublease and this Lease, that all corporate and other action on its part for the authorization of the Sublease and this Lease has been duly and effectually taken, that the Sublease and this Lease are and will be valid and enforceable obligations of the Corporation, and that the Corporation now has or will use its best efforts to obtain complete and lawful authority and privilege to maintain and operate the Equipment and that no permits, rights, franchises or privileges of the Corporation will be allowed to lapse or be forfeited so long as the same shall be necessary for the operations of the Equipment and that it will procure the extension or renewal of each and every right, franchise or privilege so expiring and necessary or desirable for the operation of the Equipment.

Section 7.06. Indemnity. The Corporation will pay, and will protect, indemnify and save the Issuer and the Trustee harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the Issuer and the Trustee), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) Any injury to or death of any person or damage of property upon the Equipment, or growing out of or connected with the use, nonuse, condition or operation of the Equipment or a part thereof, any repairs, construction or alterations thereto or the condition of the Equipment;

(2) Violation of any agreement, warranty, covenant or condition hereof, except by the Issuer;

(3) Violation of any lease, contract, agreement or restriction by or upon the Corporation relating to the Equipment; and

(4) Violation of any law, ordinance, regulation or court order affecting the Equipment or a part or portion thereof or the ownership, occupancy or use thereof.

The provisions of this Section 7.06 shall survive the termination or expiration of this Lease.

Section 7.07. Maintenance of Security Interests. The Corporation will execute all instruments, including, without limitation, financing statements and continuation statements provided for by the Uniform Commercial Code of the State, deemed necessary or advisable in the opinion of independent counsel for perfection of and continuance of the perfection of the liens and security interests created by this Lease and by the Indenture. However, all obligations of the Corporation under this Section 7.07 are subject to the conditions that the Issuer shall execute all instruments, including, without limitation, all such financing statements and continuation statements, required of it in the opinion of independent counsel, and will file and record all such instruments executed by the Corporation and the Issuer, or cause them to be filed

and recorded, and shall continue the liens and security interests of all such instruments by appropriate re-filing and re-recording as specified in the opinion of independent counsel, or cause them to be so continued, for as long as any Bonds shall remain outstanding.

Section 7.08. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Corporation under this Lease, the Corporation further represents, warrants and covenants that the Corporation has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Equipment in any manner which violates Federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Equipment, and that, to the best of the Corporation's knowledge, no prior owner of the Equipment or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Equipment in any manner which violates or did violate existing applicable Federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Equipment. Without limiting the foregoing, the Corporation shall not cause or permit the Equipment or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable Federal, state and local laws, ordinances, rules or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Equipment or onto any other property that would create a material adverse effect on the Equipment. The Corporation shall substantially comply with and require compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Corporation shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Equipment in accordance with all applicable Federal, state and local laws, ordinances, rules, and regulations. In the event the Equipment is sold pursuant to the Indenture, or this Lease is terminated, the Corporation shall deliver, or cause to be delivered, the Equipment in a manner and condition that shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Equipment. For the purposes of this paragraph, Hazardous Materials includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable Federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph shall be in addition to any and all other obligations

and liabilities the Corporation may have to the Issuer and the Trustee at common law, and shall survive the termination of this Lease.

Anything to the contrary in this Lease notwithstanding, the covenants of the Corporation contained in this Section 7.08 shall remain in full force and effect after the termination of this Lease until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer, the Trustee or the Trustee relating to the enforcement of the provisions herein specified.

For the purposes of this Section 7.08, the Corporation shall not be deemed an employee, agent or servant of the Issuer or person under the Issuer's control or supervision.

Section 7.09. Certain Tax Covenants and Agreements. The Corporation and the Issuer hereby covenant and agree as follows:

(A) FEDERAL GUARANTEE PROHIBITION. The Issuer and the Corporation covenant and agree that neither the Issuer nor the Corporation shall take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(B) COVENANT TO MAINTAIN STATUS. The Corporation covenants and agrees to maintain its status as an organization described in Section 501(c)(3) and, as such, exempt from Federal taxation pursuant to Section 501(a) of the Code, as may be necessary to assure the exclusion from gross income for Federal income tax purposes of the interest on the Series A Bonds.

(C) CORPORATION OWNERSHIP OF FINANCED PROPERTY. The Corporation covenants and agrees that all property provided with the proceeds of the Series A Bond will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation or by a state or local governmental unit or any other entity whose ownership will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

(D) PROHIBITED FACILITIES. The Issuer and the Corporation covenant and agree that no portion of the proceeds of the Series A Bonds shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption of premises and that no portion of the net proceeds of the Series A Bonds will be used directly or indirectly to provide residential rental property for family units.

Section 7.10. Arbitrage and Tax Exemption. The Issuer and the Corporation each hereby covenant and agree that the Issuer and the Corporation (i) shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section

148 of the Code, and (ii) will take all action that may be required of them (including, without implied limitation, the timely filing of a Federal information return with respect to the Series A Bonds) so that the interest on the Series A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any action or permit or suffer any action to be taken, which would adversely affect such exclusion.

Section 7.11. Compliance with Rebate. The Corporation covenants and agrees that it shall take any and all actions necessary to assure compliance with Section 7.02 of the Indenture. In particular and without limitation, if not performed by the City, it shall directly or through independent consultants: (i) perform the calculations required by Section 7.02 of the Indenture; (ii) assure the payments required by Section 7.02 of the Indenture; (iii) maintain the records required by Section 7.02 of the Indenture; (iv) pay all fees, costs and expenses incurred by the Issuer or the Trustee in connection with compliance with Section 7.02 of the Indenture, including compensation due to independent consultants employed pursuant to Section 7.02 by the Issuer or the Trustee; (v) coordinate and cooperate in any and all respects necessary to assure compliance with Sections 7.02 of the Indenture; (vi) provide any certificate as to any exemption from the requirements of Section 148(f) of the Code as set forth in Section 7.02 of the Indenture; and (vii) take such other actions necessary to comply with Section 7.02 of the Indenture.

ARTICLE VIII

COVENANTS OF THE ISSUER

Section 8.01. Restriction on Sale. The Issuer and the Corporation acknowledge and agree that the rentals payable under this Lease are assigned to the Trustee as security for the Bonds issued under the Indenture and that the Issuer has entered into certain covenants with the Trustee in the Indenture which may affect the Equipment and this Lease in the event of default hereunder. The Issuer agrees that, so long as the Corporation is not in default hereunder, it will not, except as contemplated herein and in the Indenture, enter into any other contract or agreement affecting this Lease, the rentals payable hereunder or the Equipment in any way, or assign the same as security for any other obligations of the Issuer, without the prior written consent of the Corporation.

Section 8.02. Redemption of Bonds. If the Corporation is not in default hereunder, the Issuer, at the request at anytime of the City, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of the then outstanding Bonds on the earliest redemption date on which such redemption may be made under such applicable provisions.

Section 8.03. Nature of Issuer's Covenants. The Corporation acknowledges and agrees that any obligation of the Issuer created by or arising out of this Lease shall be payable solely out of the proceeds derived from this Lease, the sale of the Bonds and any insurance and condemnation award received by the Trustee pursuant hereto. The foregoing limitation shall not, however, preclude the Corporation from seeking injunctive relief in any court to compel the Issuer to perform any such obligation.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 9.01. Events of Default Defined. The following shall be "events of default" under this Lease and the terms Event of Default or Default shall mean any one or more of the following events:

(A) Failure of the Corporation to pay the Rent required to be paid under Section 4.02 hereof as when due and payable; or

(B) Failure of the Corporation to perform any other covenant, condition or provision hereof and to remedy such failure within 90 days after notice thereof from the Issuer or the Trustee to the Corporation; or

(C) If any representation or warranty made by the Corporation in any statement or certificate furnished to the Issuer or the Trustee in connection with the sale of the Bonds or furnished by the Corporation pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 90 days after notice thereof to the Corporation by the Issuer or the Trustee; or

(D) If default shall occur in the payment of the principal of or interest on any obligation of the Corporation for borrowed money, as and when the same shall become due, or under any mortgage, agreement, document or other instrument under or pursuant to which such indebtedness is issued, and such default shall continue beyond the period of grace, if any, allowed with respect thereto and action is commenced to accelerate such obligation or to foreclose on any security with respect thereto; or

(E) If the Corporation admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for the Corporation, or for any part or portion of its property; or

(F) If a trustee or receiver is appointed for the Corporation or for any part of its property and is not discharged within 60 days after such appointment; or

(G) If bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Corporation, and if instituted against the Corporation are allowed against the Corporation or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(H) If the Corporation abandons the Equipment (except as permitted by this Lease) for a period of 30 consecutive days; or

(I) If the Corporation shall default in the payment of any indebtedness owed by the Corporation to any holder of Bonds.

Section 9.02. Remedies on Default. If any Event of Default shall occur and be continuing, the Issuer may, at its option and with the consent of the Trustee, exercise any one or more of the following remedies:

(A) The Issuer may terminate this Lease by giving to the Corporation notice of the Issuer's intention so to do, in which event the Lease Term shall end, and all right, title and interest of the Corporation hereunder shall expire, on the date stated in such notice, which shall not be less than 10 days after the date of the notice by the Issuer of its intention so to terminate; or

(B) The Issuer may terminate the right of the Corporation to possession of the Equipment or any portion thereof by giving notice to the Corporation that the Corporation's right of possession shall end on the date stated in such notice, which shall not be less than 10 days after the date of notice by the Issuer of its intention so to terminate; or

(C) The Issuer may enforce the provisions of this Lease and may enforce and protect the right of the Issuer hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy; or

(D) The Issuer may accelerate and declare all future Rent hereunder to be immediately due and payable, provided, however, that Rent payable as interest on the Bonds upon any such acceleration shall be limited to the interest due on the Bonds until payment of the Bonds and the interest thereon in full; or

(E) The Issuer may, upon written notice to the Corporation, revoke or rescind any and all rights and options of the Corporation hereunder.

Section 9.03. Right of Re-Entry. If the Issuer exercises either of the remedies provided for in subparagraph (A) or (B) of Section 9.02, the Issuer may then or at any time thereafter enter the Clay Center and take complete and peaceful possession of the Equipment or any part or portion thereof, with or without process of law, and may remove such Equipment or any part or portion thereof, and the Corporation covenants that, in any such event it will peacefully and quietly yield up and surrender the Equipment and any part or portion thereof to the Issuer.

Section 9.04. Right to Sublet or Relet. If the Issuer terminates the Corporation's right of possession pursuant to subparagraph (B) of Section 9.02, the Issuer may enter the Clay Center and take possession of all or any part or portion of the Equipment, may remove any part or portion of the Equipment which the Issuer elects so to do, and may sublet or relet the Equipment or any part or portion thereof from time to time for all or any part of the unexpired part of the then Lease Term or for a longer period, and the Issuer may collect the rents from such reletting or subletting and apply the same, first, to the payment of the expense of removing and reletting

the Equipment, and second, to the payment of the rents payable hereunder and in the event that the proceeds from such reletting and subletting are not sufficient to pay in full the foregoing, the Corporation shall remain and be liable therefor, and the Corporation promises and agrees to pay the amount of any such deficiency from time to time and the Issuer may at any time and from time to time sue and recover judgment for any such deficiency or deficiencies.

Section 9.05. Damages in the Event of Termination. In the event of the termination of this Lease by the Issuer pursuant to Section 9.02 hereof, the Issuer shall be entitled to recover immediately from the Corporation: (i) the aggregate principal amount of all Bonds then outstanding; (ii) the total amount of all unpaid interest accrued or to accrue until payment of all Bonds; (iii) the amount of redemption premium, if any; and (iv) such amounts as will be sufficient to pay all costs and expenses, including attorneys' fees, which the Issuer and the Trustee shall have sustained by reason of the breach of any of the covenants of this Lease other than for the payment of rent.

Section 9.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or be statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 9.07. Agreement to Pay Attorneys' Fees and Expenses. In the event the Corporation should default under any of the provisions of this Lease and the Issuer, the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer the reasonable fees of such attorneys and such other expenses so incurred by the Issuer or the Trustee.

Section 9.08. No Additional Waiver Implied by One Waiver. In the event the breach of any agreement contained herein should be waived by either party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.09. Waiver of Stay or Extension Laws. The Corporation covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Lease or the Indenture; and the Corporation (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE X

GENERAL

Section 10.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer, the City, the Corporation and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated hereby. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:
Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301
Attention: Chairman

To the City:
The City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330
Attention: City Manager

To the Corporation:
Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301
Attention: President

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

Section 10.02. Assignment of Lease. The Corporation shall not, without the prior written consent of the Issuer and the Trustee, assign this Lease or any part or portion hereof. Simultaneously with the delivery hereof, this Lease has been assigned by the Issuer, pursuant to and by the Indenture, to the Trustee in accordance with the terms of the Indenture and this Lease.

Section 10.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer and the Corporation and their respective successors and permitted assigns.

Section 10.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the issuance of the Bonds and before the Indenture is satisfied and discharged in accordance with its terms, this Lease may not be effectively amended, changed, modified, altered or terminated nor may any provision be waived hereunder, without the written consent of the Trustee, provided, however, that no consent of the Trustee or the Issuer shall be necessary for any addition, deletion, amendment, change, modification, alteration, termination or waiver as may be necessary to assure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes.

Section 10.06. Approval of Indenture and Bonds. The Corporation hereby approves the Indenture and accepts all provisions contained therein. The Corporation hereby approves the issuance of the Bonds as prescribed in the Indenture.

Section 10.07. Survival. All covenants, agreements, representations or warranties contained herein or in any certificates delivered pursuant hereto, shall survive delivery and termination of this Lease and payment of the Bonds, notwithstanding any specific reference herein to the survival of particular provisions or sections.

Section 10.08. Execution Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.**, have caused this Lease to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Secretary

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

_____
Its _____

ATTEST:

_____
Secretary

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: _____

(STAMP)

_____
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by _____, the _____ of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: _____

(STAMP)

_____
Notary Public

Original

EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this "Equipment Lease"), made as of the 1st day of June, 1999, is by and between the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia, not-for-profit corporation ("Sublessor"), party of the first part, and the CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia ("Sublessee"), party of the second part.

WHEREAS, Sublessor has asked Sublessee for a contribution to construct and equip the Center for Arts and Sciences of West Virginia (the "Facility") to be located on the block bounded by Broad Street, Lee Street, East, Brooks Street and Washington Street, East, in the City of Charleston, West Virginia, as more fully described in **EXHIBIT A – REAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has agreed to contribute to the cost of the Facility by providing funds to finance the cost of acquiring and installing certain personal property (the "Personal Property"), as more fully described in **EXHIBIT B – PERSONAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has asked the Charleston Building Commission (the "Commission") to issue its revenue bonds, the proceeds of which will be used to finance the expense of acquiring and installing the Personal Property;

WHEREAS, the Commission will lease the Personal Property to Sublessor under the terms of a Contract of Lease-Purchase (the "Contract of Lease-Purchase") dated as of June 1, 1999, between the Commission and Sublessor;

WHEREAS, the Commission intends to issue its revenue bonds denominated as $2,895,000 Charleston Building Commission, Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds"), the principal and interest of which are payable from rentals received by Sublessor pursuant to the terms of this Equipment Lease and paid by Sublessor to the Commission pursuant to the terms of the Contract of Lease-Purchase;

WHEREAS, Sublessor will approve the plans and specifications for the Personal Property and will direct and supervise the installation thereof; and

WHEREAS, the issuance of the Bonds requires Sublessor and Sublessee to enter into this Equipment Lease.

NOW, THEREFORE, THIS EQUIPMENT LEASE WITNESSETH:

The parties hereto covenant and bind themselves as follows:

1. Term; Notices. The term of this Equipment Lease, subject to the provisions hereof, shall begin on the date hereof and shall terminate as of the date of payment in full of the rentals specified hereunder and the payment in full of principal of and interest on the Bonds

06
BOOK/PAGE : 246- / 241-
KANAWHA COUNTY, WV
DTE/TIME RECORDED 06/23/1999 11:31:39:00
INST #: 717185 TYPE: LEASE
CLERK OF THE COUNTY COMMISSION
TOTAL RECD/FEE: 5.00 .00

Real Estate Department
P. O. Box 2107
Charleston, WV 25328

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Personal Property, on or before the 1st day of each month during the term of this Equipment Lease commencing on December 1, 1999, Eighteen Thousand Seven Hundred Fifty and 00/100 Dollars ($18,750.00) per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Contract of Lease-Purchase and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Trust Indenture dated as of June 1, 1999, by and between the Commission and Bank One, West Virginia, National Association, as Trustee (the "Trustee") (the "Indenture"), as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to Bank One, West Virginia, National Association, as Trustee under the Indenture, at its Corporate Trust Office, currently located at 707 Virginia Street, East, Charleston, West Virginia 25301.

Upon payment of all rental payments required hereunder, and such other sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds at maturity, Sublessee shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property. Sublessor covenants that it will provide thirty (30) days prior written notice to Sublessee in the event it elects to pay such sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds, in addition to the rental payments required hereunder.

3. Maintenance. Upon installation of the Personal Property by Sublessor, Sublessor shall maintain the Personal Property in good condition equal to its condition at the time of installation thereof, normal wear and tear excepted.

4. Taxes and Assessments. Sublessor will pay all taxes and assessments, if any, levied on the Personal Property during the term of this Equipment Lease.

5. Assignment. Sublessor reserves the right to assign its interest in the Personal Property in whole or in part without Sublessee's consent, but the making of any such assignment shall not release Sublessor from or otherwise affect, in any manner, any of Sublessor's ogligations hereunder, provided, however, that Sublessor shall not assign its interest in the Personal Property or any part thereof in such manner as will cause the Bonds to constitute "private activity bonds" as such term is defined in Section 141 of the Internal Revenue Code of 1986, as amended, or any successor legislation, or in any manner which will cause the interest on the Bonds to be included in gross income of the holder thereof for federal income tax purposes.

6. Neglect of Premises. Sublessor covenants that it will not commit waste on the Personal Property and that the Personal Property will be returned to the Commission at the termination of this Equipment Lease in substantially as good a condition as at the commencement thereof, damages from

natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.

7. Default by Sublessor. In the event Sublessor defaults in any of the covenants contained herein, Sublessee shall notify the Commission and the Trustee, in writing, of such default and if such default is not corrected within ninety (90) days after receipt of notification, Sublessee may notify the Commission and the Trustee that this Equipment Lease is terminated, and return control and ownership of the Personal Property to the Commission, unless Sublessor exercises its right to purchase the Personal Property pursuant to paragraph 13 herein.

8. Damage to Personal Property by Fire, Etc. It is agreed by and between the parties hereto that Sublessor shall insure the Personal Property in an amount equal to its fair market value. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued use thereof by Sublessor would be impractical, Sublessor shall give immediate notice thereof to Sublessee, and may, at its option, exercise its right to purchase the Personal Property pursuant to paragraph 13 herein. The proceeds of any such insurance claim shall be applied as provided in the Indenture.

9. Provisions for Immediate Termination. It is further agreed by and between the parties hereto that this Equipment Lease shall be considered cancelled, without further obligation on the part of Sublessee, if City Council of Sublessee should subsequently fail to budget sufficient funds to fulfill its obligations under this Equipment Lease. Such obligations include the payment of funds in an amount sufficient to permit Sublessor to fulfill its obligations under the Contract of Lease-Purchase. In such event, Sublessee may immediately redeliver its leasehold interest in the Personal Property to Sublessor and thereupon be relieved from any and all obligations hereunder or concerning the Personal Property except for rent accruing prior to such date of redelivery, or Sublessor may exercise its right to purchase the Personal Property pursuant to the provisions of paragraph 13 herein.

10. Possession of Personal Property. Sublessor covenants that upon acquisition of the Personal Property it will be in possession of the Personal Property, subject to any "Permitted encumbrances," as such term is defined in the Indenture. Sublessee grants to Sublessor, and Sublessor shall have the exclusive right to use, possess and control the Personal Property during the term of this Equipment Lease, subject to the conditions set forth herein.

11. Cancellation of Equipment Lease. It is further agreed by and between the parties hereto that Sublessee shall have the right to cancel this Equipment Lease without further obligation on its part upon giving thirty (30) days' written notice to Sublessor, the Commission and the Trustee, such notice being given at least thirty (30) days prior to the last day of the succeeding month (§8-12-11, West Virginia Code).

12. Removal of Personal Property. It is understood and agreed that all Personal Property installed by Sublessor, whether annexed to the freehold or not, shall remain the property of the Commission, and Sublessor shall only have the privilege and right to remove the same during the term of this Equipment Lease provided the Facility is restored to as good a condition as existed prior to installation of said Personal Property, reasonable wear and tear excepted, and provided that all payments of principal and interest on the Bonds have been paid in full.

13. Right to Purchase. Sublessor reserves the right to purchase the Personal Property at any time for a sum equal to the remaining principal amount of the Bonds, plus any applicable redemption premium and interest accrued to the date of such purchase and payment therefor. Upon exercise of such right by Sublessor, Sublessee, at the time of consummation of said sale, shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property, subject to all reservations, exceptions, conditions or other like limitations under and by which Sublessor is bound.

14. Supervision of Installation. Sublessor hereby covenants to supervise and direct the acquisition and installation of the Personal Property. Sublessor hereby accepts such obligation, relieves Sublessee of any responsibility related to the same, and expressly assumes all rights, obligations and responsibilities for supervising and directing the acquisition and installation of the Personal Property.

15. Indemnity. Sublessor shall indemnify and hold Sublessee and the Commission and its respective officers, members and employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or occupancy of, or from any work or thing done on, the Facility and the Personal Property during the term of this Equipment Lease, and against and from all claims arising during the life of this Equipment Lease from (a) the Bonds or any documents executed by the Commission or Sublessee in connection therewith, (b) any condition of the Facility and the Personal Property caused by Sublessor, (c) any breach or default on the part of Sublessor in the performance of any of its obligations under this Equipment Lease or the Contract of Lease-Purchase, (d) any act of negligence of Sublessor or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or lessee of Sublessor, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of Sublessor in connection with the acquisition and installation of the Personal Property during the term of this Equipment Lease. Any indemnified party seeking to enforce the above indemnity shall give Sublessor notice of and the opportunity to defend any claims with respect to which indemnity is sought to be enforced hereunder, in which event Sublessor shall either (i) employ counsel reasonably acceptable to such party to defend such claims and pay all costs and expenses in connection with such defense, or (ii) permit such party to defend such claims itself through counsel of its own choosing in which event Sublessor shall indemnify and hold such party harmless from and against all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in or in connection with any action or proceeding brought with respect to such claims. Upon notice from such party, Sublessor shall proceed under option (i) above and defend them or either of them in any such action or proceeding and pay all such costs and expenses, and if Sublessor fails or refuses to do so, Sublessor shall be deemed to have agreed that such party may proceed under option (ii) above.

16. Notices. Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

To Sublessor

Center for the Arts and Science of West Virginia, Inc.
1426 Kanawha Boulevard, East
Charleston, WV 25301

To Sublessee

City of Charleston
P.O. Box 2749
Charleston, WV 25330
Attn: City Manager

17. Parties Bound. The covenants and conditions herein contained shall apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

18. Time of the Essence. Time is of the essence of this Equipment Lease, and of each and every covenant, term, condition and provision hereof.

19. Headings. The headings to the various paragraphs of this Equipment Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Equipment Lease.

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

By: _____

Its: President / CEO

CITY OF CHARLESTON

By: _____
Mayor

Prepared by:
W. K. Bragg, Jr.
GOODWIN & GOODWIN, LLP
P.O. Box 2107
Charleston, WV 25328

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22nd day of June, 1999, by R. Mitchell, as President of the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia not-for-profit corporation, on behalf of said corporation.

My commission expires 12/22/2003.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
315 Morrison Building
816 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22 of June, 1999, by G. Kemp Melton, mayor of the CITY OF CHARLESTON, a municipality and political subdivision of the State of West Virginia, for said municipality.

My commission expires 12/22/2003.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
315 Morrison Building
816 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

Exhibit A

All that certain tract or parcel of land situate in the City Charleston, Kanawha County, West Virginia, and generally described as follows:

Being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street, and on the East by Brooks Street, having an area of 4.7 acres, more or less.

Exhibit B

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Science of West Virginia

Exterior Fence
Site/Street Furnishings
Trees, Plants
Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on JUN 23 1999 and the same is admitted to record.

Test: _____ Clerk
Kanawha County Commission

FIRST AMENDMENT TO EQUIPMENT LEASE

Between

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,
Sublessor

and

THE CITY OF CHARLESTON, WEST VIRGINA,
Sublessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

FIRST AMENDMENT TO EQUIPMENT LEASE

This First Amendment to Equipment Lease (hereinafter called the "First Amendment") dated as of February 1, 2010, supplementing and amending the Equipment Lease dated as of June 1, 1999, both by and between the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as Sublessor (hereinafter called the "Corporation" or "Sublessor"), and **THE CITY OF CHARLESTON, WEST VIRGINIA**, a municipal corporation and political subdivision of the State of West Virginia, as Sublessee (hereinafter called the "City" or "Sublessee").

WITNESSETH:

WHEREAS, pursuant to an Equipment Lease dated as of June 1, 1999, and of record in the office of the Clerk of the County Commission of Kanawha County in Lease Book 244 at page 241 (the "Original Equipment Lease"), Sublessor leased to Sublessee certain equipment and other personal property (the "Equipment") to be used in connection with the Clay Center for the Arts and Sciences of West Virginia (the "Clay Center");

WHEREAS, the Sublessor leases the Equipment from the Charleston Building Commission (the "Issuer") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract"), which 1999 Lease-Purchase Contract is being replaced and superseded contemporaneously herewith by an Agreement and Lease dated as of the date of this First Amendment between the Issuer, as lessor, and the Sublessor, as lessee (the "Lease Agreement");

WHEREAS, the acquisition and installation of the Equipment was financed through the issuance by the Charleston Building Commission (the "Issuer"), pursuant to a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), of $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds");

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt – Bank Qualified) in the aggregate principal amount of $_____ (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $_____ (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to a Bond Trust Indenture dated as of the date of this First Amendment (the "Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of the Lease Agreement and the Original Equipment Lease, as supplemented and amended by this First Amendment (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due; and

WHEREAS, it is necessary and desirable to make certain amendments to the Original Equipment Lease in order to reflect the terms of the Bonds and the Lease Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

1. **Terms**. From and after the execution and delivery of this First Amendment, the following terms as used in the Sublease shall have the following meanings:

A. "Bonds" shall mean the Series 2010A Bonds and the 2010B Bonds.

B. "Equipment Lease" shall mean the Original Equipment Lease as supplemented and amended by this First Amendment and is sometimes referred to herein as the Sublease.

C. "Contract of Lease-Purchase" or similar terms shall mean the Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation.

D. "Indenture" or "Trust Indenture" shall mean the Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee.

E. "Trustee" shall mean The Bank of New York Mellon, as Trustee

2. **Amendments.**

A. The first three paragraphs of Section 2 of the Original Equipment Lease are hereby amended and restated to read as follows:

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Equipment, on or before the 1st day of each month during the term of this Equipment Lease, commencing on _____, 2010, _____ per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Agreement and Lease dated as of February 1, 2010, which replaced and superseded the Contract of Lease-Purchase, and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Bond Trust Indenture dated as of February 1, 2010, by and between the Commission and The Bank of New York Mellon, as Trustee (the "Trustee") (the "Indenture") as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to The Bank of New York Mellon, as Trustee under the Indenture, at its corporate trust office currently located at 385 Rifle Camp Road, 3rd Floor, West Paterson, New Jersey 07424.

[B. Exhibit B to the Original Equipment Lease is hereby amended and restated to read as follows:

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Sciences of West Virginia

Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector
Planetarium equipment]

IN WITNESS WHEREOF, CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., and **THE CITY OF CHARLESTON, WEST VIRGINIA,** have caused this First Amendment to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

_____
Its _____

ATTEST:

_____
Secretary

THE CITY OF CHARLESTON, WEST VIRGINIA

_____
Its Mayor

ATTEST:

_____
City Clerk

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by _____, the _____ of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: _____

(STAMP)

_____
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by Danny Jones, Mayor of THE CITY OF CHARLESTON, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia, on behalf of the municipal corporation and political subdivision.

My commission expires: _____

(STAMP)

_____
Notary Public

NEW ISSUE - BOOK ENTRY ONLY

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, and subject to compliance by the Issuer, the Corporation and the City with certain conditions, representations and certifications, interest on the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Series 2010A Bonds") is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, interest on the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds") is includable in gross income for federal income tax purposes. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2010A Bonds and the Series 2010B Bonds and the interest thereon are exempt from taxation by the State of West Virginia. The Series 2010A Bonds have been designated as "qualified tax exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

$2,225,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX -EXEMPT - BANK QUALIFIED)

$55,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

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

The Series 2010A Bonds and the Series 2010B Bonds (collectively, the "Series 2010 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, New York, New York ("DTC"). 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 2010 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2010 Bonds, payments of the principal of and interest on the Series 2010 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 be beneficial owners is the responsibility of DTC participants (see "THE SERIES 2010 BONDS – Book-Entry Only System" herein). The Bank of New York Mellon, West Paterson, New Jersey, is Trustee, Registrar and Paying Agent for the Series 2010 Bonds. Interest on the Series 2010 Bonds will be payable on June 1 and December 1, commencing June 1, 2010.

The Series 2010 Bonds are subject to redemption prior to maturity as described herein. Proceeds of the Series 2010 Bonds as well as other funds will be used (1) to currently refund and redeem the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds to be Refunded") and (2) to pay issuance costs of the Series 2010 Bonds. The principal and redemption price of and interest on the 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under the Indenture, and the pledges thereunder, including by a security interest in the Equipment and an assignment of the Lease and rentals thereunder and any other property or funds pledged under the Indenture.

THE SERIES 2010 BONDS AND THE INTEREST THEREON ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES AND RENTALS DERIVED FROM, OR IN CONNECTION WITH, THE SUBLEASE, THE LEASE AND THE FUNDS PLEDGED THEREFOR AND THE PROPERTY AND FUNDS PLEDGED UNDER THE INDENTURE, AND THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE SERIES 2010 BONDS OR THE INTEREST THEREON, EXCEPT FROM THE SPECIAL FUNDS DERIVED FROM THE INDENTURE. THE SERIES 2010 BONDS AND ANY OTHER OBLIGATIONS, AGREEMENTS, COVENANTS OR REPRESENTATIONS CONTAINED IN THE INDENTURE, SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA. NEITHER THE SERIES 2010 BONDS NOR THE INTEREST PAYABLE THEREON SHALL BE A CHARGE AGAINST OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF THE SERIES 2010 BONDS SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA OR THE TAXING AUTHORITY, IF ANY, OF THE ISSUER OR THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. ANYTHING TO THE CONTRARY IN THE LEASE OR THE SUBLEASE NOTWITHSTANDING, THE LEASE AND THE SUBLEASE ARE CONSIDERED CANCELLED IF THE CITY COUNCIL FAILS TO BUDGET SUFFICIENT FUNDS, AND THE SUBLEASE MAY BE TERMINATED BY THE CITY FOR ANY REASON UPON 30 DAYS' WRITTEN NOTICE OF THE CITY TO THE TRUSTEE, THE CORPORATION AND ISSUER OF ITS INTENTION TO EXERCISE SUCH OPTION. (SEE "THE LEASE AGREEMENT" AND "RISK FACTORS" HEREIN).

The Series 2010 Bonds are offered for sale when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modifications of the offering without notice and to the unqualified approving legal opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Steven F. White, PLLC, Charleston, West Virginia, for the City by its counsel, Paul Ellis, Esq., Charleston, West Virginia, and for the Underwriter, by its counsel, Steptoe & Johnson PLLC, Charleston, West Virginia.

It is expected that the Series 2010 Bonds will be available for delivery through DTC, New York, New York, on or about February 25, 2010.

Crews&Associates
First Security Group

February 18, 2010

AMOUNTS, MATURITIES INTEREST RATES AND PRICES

$2,225,000 Series 2010A Bonds

$380,000 3.100% Term Bonds, Due June 1, 2013 at 100.000% CUSIP 160506AR2
$590,000 3.625% Term Bonds, Due June 1, 2017 at 100.000% CUSIP 160506AS0
$330,000 4.000% Term Bonds, Due June 1, 2019 at 100.000% CUSIP 160506AT8
$530,000 4.125% Term Bonds, Due June 1, 2022 at 98.809% CUSIP 160506AU5
$395,000 4.375% Term Bonds, Due June 1, 2024 at 98.688% CUSIP 160506AV3

$55,000 Series 2010B Bonds

$55,000 4.250% Term Bonds, Due June 1, 2011 at 100.000% CUSIP 160506AW1

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2010 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City, the Issuer or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained by the Underwriter from sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Issuer or the City since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained by the Underwriter from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the City.

THE SERIES 2010 BONDS AND THE INTEREST THEREON ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES AND RENTALS DERIVED FROM, OR IN CONNECTION WITH, THE SUBLEASE, THE LEASE AND THE FUNDS PLEDGED THEREFOR AND THE PROPERTY AND FUNDS PLEDGED UNDER THE INDENTURE, AND THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE SERIES 2010 BONDS OR THE INTEREST THEREON, EXCEPT FROM THE SPECIAL FUNDS DERIVED FROM THE INDENTURE. THE SERIES 2010 BONDS AND ANY OTHER OBLIGATIONS, AGREEMENTS, COVENANTS OR REPRESENTATIONS CONTAINED IN THE INDENTURE, SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISIONS OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA. NEITHER SHALL THE SERIES 2010 BONDS NOR THE INTEREST PAYABLE THEREON BE A CHARGE AGAINST OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, IF ANY, OF THE ISSUER, THE CITY OR THE STATE OF WEST VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF

THE SERIES 2010 BONDS SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA OR THE TAXING AUTHORITY, IF ANY, OF THE ISSUER OR THE CITY FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2010 BONDS. ANYTHING TO THE CONTRARY IN THE LEASE OR THE SUBLEASE NOTWITHSTANDING, THE LEASE AND THE SUBLEASE ARE CONSIDERED CANCELLED IF THE CITY COUNCIL FAILS TO BUDGET SUFFICIENT FUNDS, AND THE SUBLEASE MAY BE TERMINATED BY THE CITY FOR ANY REASON UPON 30 DAYS' WRITTEN NOTICE OF THE CITY TO THE TRUSTEE, THE CORPORATION AND ISSUER OF ITS INTENTION TO EXERCISE SUCH OPTION. (SEE "THE LEASE AGREEMENT" AND "RISK FACTORS" HEREIN).

Forward-Looking Statements

This Official Statement, and particularly the information contained in the captions "PLAN OF FINANCING" contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "RISK FACTORS."

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

The Series 2010 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are

being provided solely for the convenience of the Owners of the Series 2010 Bonds only at the time of issuance of the Series 2010 Bonds and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2010 Bonds.

TABLE OF CONTENTS

Page

Introduction 1
The Charleston Building Commission 3
The Equipment 3
The Clay Center 4
The City 4
The Leases 9
The Trust Indenture 10
The Series 2010 Bonds 12
Security for the Series 2010 Bonds 20
Risk Factors 20
Plan of Financing 22
No Litigation 23
Tax Matters 23
Approval of Legal Proceedings 26
Underwriting 27
Continuing Disclosure 27
Miscellaneous 27

Appendix A - Audited Financial Statements of the City for the Fiscal Year Ended June 30, 2009 ..... A-1
Appendix B - Economic and Demographic Information Regarding Charleston, West Virginia B-1
Appendix C - Form of Continuing Disclosure Certificate C-1
Appendix D - Proposed Form of Bond Counsel Opinion D-1
Appendix E - Principal Documents E-1

OFFICIAL STATEMENT

$2,225,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$55,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

INTRODUCTION

Purpose of this Official Statement

This Official Statement, which includes the cover page and appendices, of the Charleston Building Commission (the "Issuer") is to provide information concerning the Issuer, its $2,225,000 Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds"), and its $55,000 Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Series 2010 Bonds") issued and pursuant to a Bond Trust Indenture (the "Indenture") dated as of February 1, 2010, between the Issuer and The Bank of New York Mellon, as Trustee, Registrar and Paying Agent (the "Trustee"). All capitalized terms not defined herein shall have the meanings as provided in the Indenture.

Authority for Issuance

The Series 2010 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), particularly Chapter 8, Article 33, Chapter 8, Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), an Ordinance enacted by the Issuer on January 15, 2010, as supplemented by a Supplemental Parameters Resolution adopted on February 16, 2010 (collectively, the "Ordinance"), and the Indenture.

The Issuer

The Issuer is a public corporation created by the City of Charleston, West Virginia (the "City"), by an ordinance enacted on May 19, 1980, pursuant to Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended, (the "Building Commission Act") (see "CHARLESTON BUILDING COMMISSION" herein). As provided under the Building Commission Act, the Issuer is the issuer of the Series 2010 Bonds and the lessor of the Equipment, pursuant to the Lease.

The Project

The proceeds of the Series 2010 Bonds are being used (1) to currently refund and redeem the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds to be Refunded") and (2) to pay issuance costs of the Series 2010 Bonds. The Bonds to be Refunded were issued to finance the acquisition and installation of certain equipment (the "Equipment," more fully described in "THE EQUIPMENT" herein) for the Clay Center for the Arts and Sciences of West Virginia (the "Clay Center"), which Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract"). The Corporation, in turn, subleased the Equipment to the City of Charleston, West Virginia (the "City") pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center, located in Charleston, West Virginia.

The Leases

The Issuer, as Lessor, will enter into an Agreement and Lease dated as of February 1, 2010 (the "Lease"), with the Corporation, as Lessee. The Lease will supersede the 1999 Lease-Purchase Contract. The Corporation, as Sublessor, and the City, as Sublessee, will supplement and amend the 1999 Sublease with a First Amendment to Equipment Lease, dated as of February 1, 2010 (the "First Amendment" and together with the 1999 Sublease, the "Sublease").

The Lease and Sublease are for terms of approximately 14 years. Anything to the contrary in the Lease or the Sublease notwithstanding, the Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds, and the Sublease may be terminated by the City for any reason upon 30 days' written notice of the City to the Trustee, the Corporation and Issuer of its intention to exercise such option. (see "THE LEASE AGREEMENT" and "RISK FACTORS" herein).

Security for the Series 2010 Bonds

The principal and redemption price of and interest on the Series 2010 Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under the Indenture, and the pledges thereunder, including by a security interest in the Equipment and an assignment of the Lease and rentals thereunder and any other property or funds pledged under the Indenture.

Bondholder's Risks

Information concerning certain risks relating to future revenues and expenses (especially termination and unbudgeted provisions of the Sublease) is contained under the caption "RISK FACTORS."

THE CHARLESTON BUILDING COMMISSION

The Issuer is the issuer of the Series 2010 Bonds pursuant to the Indenture, the Act and the Ordinance and the owner and lessor of the Equipment pursuant to the Lease.

The Issuer is a public corporation created by the City, by an ordinance enacted on May 19, 1980, pursuant to the Building Commission Act. Among the powers and authorities vested in the Issuer by the Building Commission Act is the plenary power and authority to sue and be sued, contract and be contracted with, acquire, purchase, own and hold any property, real or personal, and acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of any type for which the City is permitted by law to expend public funds, and to issue and sell revenue bonds. The Issuer is authorized to issue the Series 2010 Bonds, to acquire and maintain the Equipment, and to lease the Equipment for public purposes upon such terms as the Issuer deems proper. The Issuer's address is 815 Quarrier Street, Suite 244, Charleston, West Virginia 25301, and its telephone number is (304) 348-6890.

The Building Commission Act provides that the Issuer will be governed by a board consisting of not less than three nor more than five members appointed by the City. No more than two-thirds of the total board membership shall be from the same political party, and no member shall hold office in or be employed by the United States of America, the State or any political subdivision thereof or any political party. Members shall be residents of Charleston. The Issuer's members elect such officers, appoint such committees and agents, and employ and compensate such employees as may be necessary for the conduct of the business of the Issuer. Present members of the Issuer are as follows:

Name	Occupation	Term Expiration
R. Brawley Tracy	Attorney	July 20, 2010
Olivia Singleton	Homemaker	July 20, 2013
Walter Dial	Retired	July 20, 2012
Paula Butterfield	Pharmacist	July 20, 2014
Sandra Thomas	CPA	July 20, 2011

The Issuer's financial condition is not material to an investment in the Series 2010 Bonds and, accordingly, the Issuer's financial condition is not being provided, and the Issuer will not provide continuing disclosure. The City's fiscal year 2009 Audited Financial Statements are attached hereto in Appendix A.

THE EQUIPMENT

The Equipment consists of various items of personal property located and used in conjunction with the activities of the Clay Center. The property includes, but is not limited to, performance equipment, acoustical curtains, theater seats, planetarium equipment and various furnishings and other equipment.

THE CLAY CENTER

The 240,000 square foot Clay Center opened on July 12, 2003. The Clay Center is located at One Clay Square and bounded by Washington Street, Leon Sullivan Way, Lee Street and Brooks Street in Charleston, West Virginia. The Center houses the performing arts, visual arts and the sciences under one roof – one of the few centers of its kind in the country. The facility is home to both the Avampato Discovery Museum and the West Virginia Symphony Orchestra.

The Clay Center is one of the most ambitious economic, cultural and educational undertakings in West Virginia history. The Clay Center enhances the region's "quality of life" and enriches the lives of all West Virginians.

The Clay Center includes:

Maier Foundation Performance Hall, a 1,883 seat theater with exceptional acoustics and sight lines.

Walker Theater, a black-box theater which can accommodate between 150 – 200 people depending upon the set up.

The state-of-the-art Avampato Discovery Museum featuring:

- Two floors of interactive science exhibits
- An art gallery featuring selections from the Museum's Permanent Collections and travelling exhibitions
- The ElectricSky™ Theater which presents planetarium shows and large format films on its giant domed screen
- Douglas V. Reynolds Intermezzo Café, which offers food for hungry visitors during the day and before selected performances
- BB&T Little Shop of Wonders Gift Shop with items from West Virginia and out-of-state artisans.

The Corporation's financial condition is not material to an investment in the Series 2010 Bonds and, accordingly, the Corporation's financial condition is not being provided, and the Corporation will not provide continuing disclosure. The City's fiscal year 2009 Audited Financial Statements are attached hereto in Appendix A.

THE CITY

City Government Structure

The City is located in southwestern West Virginia and is the county seat of Kanawha County and West Virginia's State Capital. The present charter of the City is a legislative charter enacted in 1929, which provides for a mayor-council form of government. Policy-making and

legislative authority are vested in a governing council consisting of the mayor and twenty-seven other members. Elected officials are the mayor, city treasurer, municipal judge, and members of the Council consisting of twenty-one (21) Council members elected by ward, plus six (6) Council persons-at-large, all elected to serve concurrent terms on a quadrennial basis. In addition, the City has certain appointed officials including: city manager, city clerk, director of finance, city auditor, public works director, chief of police, city solicitor, chief of fire department, director of mayor's office of economic and community development, and the director of parks, recreation and public grounds. All appointive officers have salaries fixed by the Council.

The mayor is the chief executive officer of the City and presiding officer and a member of the Council with right to vote on all issues. The mayor, without any requirement or confirmation by Council, has the right of appointment and removal of the director of finance, city auditor, public works director, chief of police, director of mayor's office of economic and community development, chief of the fire department, and the director of parks and recreation and public grounds.

The mayor also appoints the city manager by and with the consent of Council. The city manager is the chief business and administrative officer of the City under the supervision and direction of the mayor. The city manager has a number of duties and responsibilities including but not limited to: supervision and immediate care of all real property, securing contracts for labor and supplies, and custodian of all contracts, insurance policies, and papers relating to the business affairs of the City. The city manager makes monthly presentations relating to the above to the Finance Committee of City Council and to the full City Council.

The Council acts as the legislative body for the City and selects one of its members as President Pro-Tempore, to preside in the absence of the mayor. The duties of the Council are primarily carried on through standing and special committees: Finance, Planning, Parks and Recreation, Streets and Traffic, Environmental and Recycling, Urban Renewal, Public Safety, Ordinances and Rules, Council Committee on City Employees, Civil Service Procedures and the Cemetery Committee. The mayor appoints the members of each committee and the committee members select a chairperson to head each committee.

Governmental Services/Departments

The City maintains and operates a number of different departments which offer a wide range of services including public safety, recreation, water and sewer, parking, public works, economic development, administrative, planning, and beautification. An outline of some of these departments is as follows:

Police Department

The City's Police Department expended $15,019,156 for the fiscal year ended June 30, 2009 for both uniform and non-uniform employees. The Police Department has over 211 uniform and non-uniform employees who are utilized for the preservation of life and property, maintenance of public peace, traffic control, education, and prevention of crime.

Fire Department

The City's Fire Department expended $15,618,672 for the fiscal year ended June 30, 2009 for both uniform and non-uniform employees. The Fire Department has 202 uniform and non-uniform employees which operate out of 9 fire stations throughout the City to help in the preservation of life and property for the citizens of Charleston.

Public Works Department

The City's Public Works Department has over 202 employees whose main duties include snow removal, refuse collection, street paving, litter control, keeping the City clean, reviewing all large projects of construction by the Engineering Department, maintaining the City's vehicles and any other related duties. During the 2009 fiscal year the Public Works Department spent over $13,576,942 to carry-out the duties of the department. This department has Engineering, Public Works (Administrative), Traffic Engineering, Street Department, Equipment Maintenance, and Refuse Collection & Recycling within its general control.

Parks and Recreation

The City operates an extensive Parks and Recreation system and from its general fund contributed $2,493,754 to be used by 33 full-time employees and a number of seasonal employees to maintain and run three community centers, Cato Park, tennis courts, a golf course, public grounds, playgrounds, softball fields, baseball fields and other recreational activities for the citizens of the City.

Accounting Practices

The accounting procedures followed by the City are established pursuant to State statutes under the supervision and direction of the State Tax Commissioner and supervisor of public offices. The City maintains accounts organized on the basis of funds or account groups each of which constitutes a separate entity. Such accounts show the receipt, use and disposition of all public property and the income derived therefrom; all sources of public income and the amounts due and received from each source; all receipts, vouchers and other documents kept or required to be kept as necessary to identify and prove the validity of every transaction; statements and reports made or required to be made for the internal administration of the office to which they pertain; and all details of financial administration of such public affairs. The State Tax Commissioner requires the submission of, from every local governmental entity, including the City, financial reports covering a full period of each fiscal year in accordance with the forms and methods prescribed by the State Tax Commissioner which shall be uniform for all accounts of the same class.

Budget Process

Overview

The fiscal year begins on July 1st and ends on June 30th. A post audit examination is required by the State Auditor at least once a year.

The City is on a fiscal year basis running from July 1st through June 30th of the following year. The budget for each fiscal year must be approved by Council and submitted in final form to the State Tax Department prior to March 28th of each year. The budget is required by Charter to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year, detailed by offices, departments, and agencies. The total of the proposed expenditures may not exceed the total of estimated income. Supplemental appropriations, or a reduction of appropriations, may be made by the Council, upon the recommendation of the mayor, city manager and/or director of finance. No payment can be made except in accordance with appropriations set forth in the budget.

Fiscal Year Budget Process

Each department head throughout the City prepares an anticipated expense budget by November of each year to be submitted to the mayor, city manager and director of finance, who then take these individual drafts and develop an overall first draft of the City's expense budget. The first draft of the expenses are then compared to the overall estimated revenues, prepared by the city manager and director of finance, to see if any changes need to be made to the overall expenses submitted by the individual department heads. Any overall overage between the expense budgets presented and the projected revenues are dealt with by talking one-on-one with each department head to determine what can be changed to balance the budget.

The city manager and director of finance then submit a final draft budget to the mayor for his/her review and comments. After this is completed, the mayor submits to the Finance Committee of Council the proposed budget. Finance Committee then holds a number of meetings starting in January of each year to answer any questions regarding the budget. A final motion meeting is held, usually by mid-February, for the Finance Committee to make any changes to the proposed budget. A final vote by the Finance Committee is taken at the end of this motion meeting.

Once all changes have been made to the budget from the motion meeting held by the Finance Committee, a special full Council meeting is held to vote on the final version of the budget. At this meeting, any one can make a motion on the floor of Council to make changes to the budget submitted by the mayor and approved by the Finance Committee (with their recommended changes). After all motions or amendments have been made and voted on, full Council then votes on the budget before them with any amendments that may have previously passed. Once the final vote is completed, the city manager and the director finance prepare the budget as voted on and submit the balanced budget to the Department of Tax and Revenue.

General Fund

Overview

The financial operations of the City are conducted primarily through its General Fund. All invoices/requisitions paid by the City are taken from the General Fund (other than Grant Funds set up by various agencies and Mayor's Office of Economic Development Funds).

The Office of the City Collector collects and receives all taxes, fees, assessments and other charges or debts due the City. The Office of the City Collector records the receipts daily

and posts them to the account specified. The Office of City Collector sends the funds received to the Treasurer's office. The Treasurer's office makes daily deposits and reports to Council on a monthly basis the status of the City's accounts.

Pursuant to the City charter, no expenditures over the amount approved during the budgeting process can be expended without a budget amendment first approved by Finance Committee and then by full Council.

Sources of Revenues Deposited into General Fund

A brief description of certain general fund revenue sources follows:

Business and Occupation Tax ("B&O Tax") -

The largest source of revenue for the City is the B & O tax. The tax is determined by applying different rates against an annual base which is generated in the classifications of business activity or activities in which the taxpayer is engaged. This base may consist of the value of products, the gross proceeds of sales, or the gross income of the business. The B & O tax is a categorized tax; that is to say the law provides business classifications in which defined business activities are taxed at specific rates which may differ from the rates assigned to other specifically described forms of business activity. The City's B & O tax rates per $100 range from $.15 for wholesalers to a high of $4.00 for water companies and sales and demand charges (electric power). The B & O tax collected for the fiscal year ended June 30, 2009 was $39,440,503.

Property Tax -

The second largest source of funds for the City is an annual ad valorem tax levied on the assessed value of real, personal and public utility property located within the City assessed as of the previous July 1. The ratio of the assessed valuation to true valuation is 60%. Total receipts from this source totaled $9,200,606 for the fiscal year ended June 30, 2009.

Other Revenues -

The primary source of other revenues to the General Fund include utility tax, hotel occupancy tax, police fines, fire protection fees, ambulance levy, ambulance fee, interest and transfers from grants and other funds as well as reimbursements from other parties. Total receipts from these sources totaled $22,547,089 for the fiscal year ended June 30, 2009.

Expenditures from the General Fund

All invoices and/or requisitions over $2,000 must be submitted to the Finance Committee for approval before they are paid. Once approved, the city manager then approves the invoice/requisition. Invoices/requisitions under $2,000 must be approved by the city manager and are processed through the city manager's office. The largest specific categories from which expenditures are deducted from the General Fund are those of salaries and wages, medical and life insurance, retirement, contributions to pension plans, dental/optical insurance, utilities, maintenance and repairs, insurance-workers compensation, contracted services, capital outlays, contributions to others and materials and supplies.

Insurance

The City is insured under an Insurance Policy issued by Commercial Insurance Services. Under this coverage the City is insured for the following:

- Comprehensive General Liability Insurance
- Personal Liability Insurance
- Professional Liability Insurance
- Stop Gap Liability Insurance
- Wrongful Act Liability Insurance
- Comprehensive Auto Liability Insurance
- Auto Physical Damage Insurance
- Law Enforcement Insurance
- Property Insurance

The limit of liability under the coverage is $1,000,000 for each occurrence for all coverages combined. Deductibles include $25,000 for Property Insurance and $50,000 on all Liability Insurance.

See Appendix A – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009," herein.

For general information regarding Charleston, see Appendix B – "ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING CHARLESTON, WEST VIRGINIA," herein.

THE LEASES

The Equipment will be owned by the Issuer and leased to the Corporation pursuant to the Lease. The Corporation, in turn, will sublease the Equipment to the City pursuant to the Sublease for use at the Clay Center. Accordingly, the source of payment of rent under the Sublease and, in turn, the Lease is from the City.

The Lease and Sublease are for terms of approximately 14 years. The Sublease provides the City with the right of cancellation without further obligations on the part of the City, upon giving 30 days' written notice to the Corporation, the Issuer and the Trustee, prior to the last day of the succeeding month. The Sublease is also subject to annual budgets adopted by the City. The City has agreed to include in its annual budget sufficient funds to fulfill its obligations under the Sublease; however, such agreement is not binding past the current fiscal year. Both the

Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds.

The foregoing summary does not purport to be a full statement of the terms, conditions and provisions of the Lease and the Sublease, and accordingly is qualified by reference thereto and is subject to the full text thereof. See Appendix E – "PRINCIPAL DOCUMENTS," herein.

THE TRUST INDENTURE

The Series 2010 Bonds are issued pursuant to the Indenture between the Issuer and the Trustee, dated as of February 1, 2010. Pursuant to the Indenture, the Issuer grants to the Trustee, for the benefit of the registered owners of the Series 2010 Bonds, a security interest in the Equipment and all of its right, title and interest in and to rentals to be received under the Lease, including the collateral assignment to it of the Sublease and the rentals under the Sublease, and certain other properties.

Funds and Account Under the Indenture

The Indenture creates the following funds and account: Bond Fund, Cost of Issuance Account and Rebate Fund.

Bond Fund

The following monies shall be deposited into the Bond Fund (a) all amounts derived from, or in connection with, the Lease, (b) all interest and other income received on investments in the Bond Fund, (c) any amount remaining in the Escrow Fund after the Bonds to be Refunded have been finally discharged and all fees and expenses in connection therewith have been paid; (d) any amount required to be paid pursuant to Section 8.08 of the Indenture, and (e) all other moneys received by the Trustee with respect to the Series 2010 Bonds unless otherwise provided in the Indenture.

Except as provided in Section 5.03 and in Section 5.06 of the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Series 2010 Bonds, and Trustee's fees and expenses with regard to the Series 2010 Bonds, either at maturity or redemption prior to maturity.

Costs of Issuance Account

The proceeds of the Series 2010 Bonds deposited in the Costs of Issuance Account shall be used and withdrawn by the Trustee only for the payment of Costs of Issuance. No amount in any other fund or account created by the Indenture shall be expended for Costs of Issuance. The Trustee is authorized and directed to make disbursements from the Costs of Issuance Account upon the written direction of an Authorized Representative for the payment of Costs of Issuance, in the amounts stated to be due and payable in the Authorized Representative certificate which shall be filed with the Trustee from time to time, together with such other documentation as may be required under the Indenture, certifying that such amounts may be properly paid.

Rebate Fund

Except to the extent a proper exemption from arbitrage rebate is applicable, upon completion of each annual rebate calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which sum may be paid from investment earnings on the underlying fund or account on which such rebatable arbitrage was earned or from other lawfully available sources.

Supplemental Indentures

The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as shall not be materially inconsistent with the terms and provisions thereof, for any one or more of the following purposes:

(A) To cure any ambiguity or formal defect or omission in the Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(C) To subject to the lien and pledge of the Indenture additional revenues, properties or collateral;

(D) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(E) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended; and

(F) To make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended, (the "Code") relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Series 2010A Bonds.

The Holders of not less than 66 2/3% in aggregate principal amount of the Series 2010 Bonds then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in Section 10.01 of the Indenture shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of

the Holder of such Bonds, or (b) a reduction in the amount or extension of the time of any payment required herein, or (c) the creation of any lien (other than any Permitted Encumbrances) upon the Equipment, without the consent of the Holders of 100% in aggregate principal amount of the Series 2010 Bonds at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all the Series 2010 Bonds at the time outstanding which would be affected by the action to be taken, or (e) modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee.

A supplemental indenture which adversely affects the respective rights of the Corporation under the Lease and while the Corporation is not in default under the Lease or the Indenture or of the City under the Sublease and while the City is not in default under the Sublease or the Indenture shall not become effective unless and until the Corporation and the City, as the case may be, shall have consented in writing to the execution and delivery of such supplemental indenture.

This summary does not purport to be a full statement of the terms, provisions and covenants of the Indenture, and accordingly, is qualified by reference thereto and is subject to the full text thereof. See Appendix E – "PRINCIPAL DOCUMENTS," herein.

THE SERIES 2010 BONDS

Description

The aggregate principal amount of the Series 2010A Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by the Indenture is limited to $2,225,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with AR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

The Series 2010A Bonds shall be issued in one series, designated "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)," in the aggregate principal amount of $2,225,000.

The Series 2010A Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1 of each of the years, and shall bear interest, payable on June and December of each year, beginning June, 2010, at the rates, all as set forth below.

Maturity Date	Amount	Interest Rate
2013	$380,000	3.100%
2017	$590,000	3.625%
2019	$330,000	4.000%
2022	$530,000	4.125%
2024	$395,000	4.375%

The aggregate principal amount of the Series 2010B Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by the Indenture is limited to $55,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with BR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

The Series 2010B Bonds shall be issued in one series, designated "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)," in the aggregate principal amount of $55,000.

The Series 2010B Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1, 2011, and shall bear interest at the rate of 4.25% per annum, payable on June 1, 2010, December 1, 2010 and June 1, 2011.

Book-Entry Only System

The information in this section has been obtained from sources that the Issuer and the Underwriter believe to be reliable, but none of the Issuer, the City or the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Company

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

THE INFORMATION PROVIDED IMMEDIATELY ABOVE UNDER THIS HEADING HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE CITY OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

As provided in the Indenture, the Series 2010 Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in Section 2.12 of the Indenture. One Bond of each maturity shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Series 2010 Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2010 Bonds. Beneficial ownership interests in the Series 2010 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Series 2010 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2010 BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE SERIES 2010 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE INDENTURE.

Payments of principal, interest and redemption premium, if any, with respect to the Series 2010 Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Series 2010 Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Authority Letter of Representation that has been executed and delivered by the Issuer to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer, the City and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Series 2010 Bonds or (ii) the Issuer or the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Series 2010 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2010 Bonds, the Trustee shall, at the request of the Issuer or the City, discontinue the book-entry system with DTC. If the Issuer or the City, as applicable, fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

In the event that a book-entry system of evidence and transfer of ownership of the Series 2010 Bonds is discontinued pursuant to the provisions of the Indenture, the Series 2010 Bonds

shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "AR" and "BR," respectively, and numbered separately from "1" upward, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE ISSUER, THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE SERIES 2010 BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2010 BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE SERIES 2010 BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THE INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

Optional Redemption

The Series 2010A Bonds are subject to optional redemption prior to their stated maturity on or after June 1, 2015, at the option of the Issuer at the direction of the City, at par plus accrued interest thereon to the date set for redemption.

Sinking Fund Redemption

The Series 2010A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Series 2010A Bond so called for redemption plus interest accrued to the date fixed for redemption:

Series 2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Series 2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Series 2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Series 2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

Series 2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

The Series 2010B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Series 2010B Bond so called for redemption plus interest accrued to the date fixed for redemption:

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

If less than all the Series 2010 Bonds are to be redeemed, the Series 2010 Bonds to be redeemed shall be identified by reference to the CUSIP numbers and Maturity Dates.

Extraordinary Redemption

The Series 2010 Bonds shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease, the Sublease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use of all or a significant part of the Equipment shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

Notice of Redemption

Notice of the call for any redemption, identifying the Series 2010 Bonds or portions thereof to be redeemed, shall also be given by the Trustee, on behalf of the Issuer, by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to such Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

Notice of redemption having been given in the manner hereinabove provided for, the principal amount of the Series 2010 Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Series 2010 Bonds, upon presentation and surrender of the Series 2010 Bonds at the office of the Trustee, the Series 2010 Bonds shall be paid at the redemption price aforesaid.

Cost of Redemption

In the event of any redemption of the Series 2010 Bonds, whether extraordinary or optional, there shall be paid by the Issuer, solely from funds provided by the City, in addition to the redemption price, all reasonable costs, fees and expenses of the Trustee and the Issuer in connection with such redemption.

See Appendix E – "PRINCIPAL DOCUMENTS," herein.

SECURITY FOR THE SERIES 2010 BONDS

Sources of Payment

The Series 2010 Bonds are payable from rents and revenues of the Issuer received pursuant to the Lease and the Sublease, which rents and revenues are assigned by the Issuer to the Trustee pursuant to the Indenture. The Series 2010 Bonds are special, limited obligations of the Issuer and do not constitute a debt of the Issuer, the City or the State within the meaning of any constitutional or statutory limitations, nor do the Series 2010 Bonds constitute a liability of or a lien or charge upon the funds or property of the Issuer other than the Equipment and such rentals.

Pledge of Revenues

Pursuant to the Indenture, the Issuer is obligated to make payments in amounts at least equal to the principal of and interest due on the Series 2010 Bonds, but only to the extent sufficient moneys are received for this purpose pursuant to the Lease and Sublease. The Series 2010 Bonds are secured by a first lien on and security interest in the Issuer's receipts, revenues, income and other money received pursuant to the Lease and the Sublease. Rental payments payable under the Sublease have been assigned to the Trustee for payment of principal of and interest on the Series 2010 Bonds and are not subject to counterclaim or setoff by creditors of the Issuer, the Corporation or the City.

Lien on Equipment

Pursuant to the Indenture, the Series 2010 Bonds are additionally secured by a first lien upon all rights, title and interests of the Issuer in and to the Equipment.

RISK FACTORS

General

The Series 2010 Bonds are payable principally from lease payments to be received by the Issuer pursuant to the Lease and the Sublease. The Lease payments to be made by the Corporation to the Issuer are dependent upon the payments made by the City under the Sublease.

Cancellation of Sublease

The Equipment will be owned by the Issuer and leased to the Corporation pursuant to the Lease. The Corporation, in turn, will sublease the Equipment to the City pursuant to the Sublease for use at the Clay Center. The rentals provided by the Lease and Sublease are required to be sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2010 Bonds.

Anything to the contrary in the Lease or the Sublease notwithstanding, the Lease and the Sublease are considered cancelled if the City Council fails to budget sufficient funds, and the Sublease may be terminated by the City for any reason upon 30 days' written notice of the City to the Trustee, the Corporation and Issuer of its intention to exercise such option. In the event of such cancellation, it is unlikely that the Issuer will be able to pay the remaining principal of or interest on the Series 2010 Bonds.

Unbudgeted Lease Payments

The City's obligation to pay rentals under the Sublease is a current expense of the City payable from funds of the City budgeted or otherwise collected or made available therefor. There is no dedicated repayment source of City revenues for the Series 2010 Bonds. It is neither a debt of the City within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon the funds of the City, beyond the fiscal year for which the City has budgeted funds to make lease payments and is subject to termination in the event insufficient funds are budgeted in any fiscal year for such purpose.

Fiscal Impact of Unfunded Pension Liabilities

As of July 1, 2007, the date of the most recent actuarial valuations of the City's Policemen's Pension and Relief Fund (the "Policemen's Plan") the total unfunded liability for the Policemen's Plan was $80,169,377. As of July 1, 2008, the date of the most recent actuarial valuations of the City's Firemen's Pension and Relief Fund (the "Firemen's Plan" and together with the Policemen's Plan the "Pension Plans"), the total unfunded liability of the Firemen's Plan was $88,886,000. The total unfunded liability of the Pension Plans was $169,055,377.

The City funds the pension in accordance with an alternative funding allowed by West Virginia State statute which will keep the Pension Plans solvent and improve the funding ratio; however, the unfunded liability continues to increase rapidly. The funding of Pension Plans is expected to continue to increase significantly. Unless relief is provided to the City or additional funding mechanisms are approved by the State Legislature, these increased funding requirements along with other financial obligations of the City may provide the City with adverse fiscal and budgetary problems.

Fiscal Impact of Other Post Employment Benefits

As required by the Government Accounting Standards Board (GASB) in its Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other

Than Pensions," the City has determined that the accrued actuarial liability associated with Other Post Employment Benefits (OPEB) as reported in the fiscal year 2008 Audited Financial Statements was $129,751,934 as of June 30, 2008. The valuation was actuarially determined in accordance with the parameters of GASB No. 45. The City provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Charleston's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund.

At the present time, the City is not prefunding its obligation. During fiscal year 2008, the City incurred an Annual Required Contribution of $9,633,041, while making an actual contribution of $3,058,157, resulting in a balance sheet liability of $6,574,884. The funding of OPEB is expected to continue to increase and may provide the City with adverse fiscal and budgetary problems.

Market for the Series 2010 Bonds

There can be no assurance that a secondary market for the Series 2010 Bonds will develop or, if developed, that such a market could be sustained. The Underwriter assumes no obligation to establish or maintain such a market and is not obligated to repurchase any of the Series 2010 Bonds at the request of the owner thereof. No rating has been assigned to the Series 2010 Bonds, and the absence of a rating could adversely affect the ability of an owner to sell Bonds or the price received upon such sale.

Difficulty Selling Equipment

The Series 2010 Bonds are additionally secured by a first lien upon all rights, title and interests of the Issuer in and to the Equipment. Due to the nature of the Equipment, there can be no assurance that the Equipment could be easily repossessed for sale or that a ready market exists for the Equipment in the event such lien is exercised.

Other

The City's willingness or ability to continue the term of the Sublease may be affected adversely by fiscal and budgetary problems that affect the City. For additional information regarding the City's financial status, see Appendix A – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009," herein.

PLAN OF FINANCING

Proceeds of the Series 2010 Bonds, along with other funds, will be used to currently refund and redeem the entire outstanding principal balance, at a redemption price of 102%, and all accrued interest on the Bonds to be Refunded; and to pay certain costs of issuance of the Series 2010 Bonds and related costs. The estimated sources and uses of funds are as follows:

SOURCES:

Par Amount of Bonds	$ 2,280,000.00
Transfer from Existing Funds	88,564.53
Original Issue Discount	(11,494.70)
TOTAL:	$ 2,357,069.83

USES:

Deposit to Fund for Current Refunding of Bonds to be Refunded	$ 2,259,971.26
Underwriter's Discount	57,000.00
Cost of Issuance Costs	40,098.57
TOTAL:	$ 2,357,069.83

NO LITIGATION

There is no litigation of any nature now pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2010 Bonds or receipt by the Issuer of the Lease payments or in any way contesting or affecting the validity of the Series 2010 Bonds, the Lease, the Sublease, the Indenture or any proceedings of the Issuer or the City taken with respect to the issuance or sale of the Series 2010 Bonds, the pledge or application of any moneys or security provided for the payment of the Series 2010 Bonds pursuant to the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2010 Bonds, receipt of the Lease payments or such pledge or application of moneys and securities.

TAX MATTERS

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, and subject to compliance by the City, the Corporation and the Issuer with certain conditions, representations and certifications, the interest on the Series 2010A Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion of Bond Counsel set forth in the first sentence above is subject to the condition that the City, the Corporation and the Issuer comply, on a continuing basis, with all covenants and representations relating to federal income tax matters set forth in the Indenture, the Lease, the Sublease, the Tax Certificate and related agreements. In the opinion of Bond Counsel, failure to comply with such covenants and representations could cause the interest on the Series 2010A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2010A Bonds.

In the opinion of Bond Counsel, interest on the Series 2010B Bonds is includable in gross income for federal income tax purposes.

In the opinion of Bond Counsel, under the Act, the Series 2010 Bonds and the interest thereon are exempt from taxation by the State of West Virginia.

The Series 2010A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Code Section 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Series 2010A Bonds.

Please be advised that, except as set forth above, Bond Counsel's opinion does not address, and Bond Counsel expresses no opinion with respect to, collateral federal income tax consequences that may result from the ownership of tax-exempt obligations, including the Series 2010A Bonds, by certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits and other taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers of the Series 2010A Bonds should consult their own tax advisors as to such consequences.

Original Issue Discount

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Series 2010A Bond maturing on June 1, 2022 and June 1, 2024, to the extent properly allocable to each owner of such Series 2010A Bond, is excludable from gross income for federal income tax purposes with respect to such owner. Under Section 1273 of the Code, if the stated redemption price at maturity of the Series 2010A Bonds exceeds the "issue price," such excess is treated as original issue discount ("OID") unless the amount of such excess is less than a specified de minimis amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity from the issue date). The issue price of the Series 2010A Bonds is the first price at which a substantial amount of the Series 2010A Bonds is sold to the public.

With respect to the owner of a Series 2010A Bond that purchases in the initial offering a Series 2010A Bond issued with OID, the amount of OID that accrues during any accrual period equals (a) the product of (i) the "adjusted issue price" of the Series 2010A Bond at the beginning of the accrual period (which price equals the issue price of such Series 2010A Bond plus the amount of OID that has accrued on a constant-yield basis in all prior accrual periods minus the amount of any payments, other than "qualified stated interest," received on the Series 2010A Bond in prior accrual periods) and (ii) the yield to maturity of such Series 2010A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (b) any qualified stated interest payable on the Series 2010A Bond during such accrual period. The amount of OID so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period.

An owner of a Series 2010A Bond issued with OID must include in gross income for federal income tax purposes the amount of OID accrued with respect to each day during the taxable year that the owner owns the Series 2010A Bonds. Such an inclusion in advance of receipt of the cash attributable to the income is required even if the owner is on the cash method of accounting for United States federal income tax purposes. The amount of OID that is includable in an owner's gross income will increase the owner's tax basis in the Series 2010A

Bonds. Such basis will be decreased by the amount of any payments other than qualified stated interest received on the Series 2010A Bonds. The owner's adjusted tax basis in a Series 2010A Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale or retirement) of the Series 2010A Bonds.

If a Series 2010A Bond issued with OID is purchased by an owner for a cost that exceeds the adjusted issue price as of the purchase date and that is less than the stated redemption price at maturity of the Series 2010A Bonds, then the amount of OID that is deemed to accrue thereof to the owner will be reduced to reflect amortization of such excess ("acquisition premium") over the remaining life of the Series 2010A Bonds.

Assumed Compliance with Certain Covenants and Federal Tax Requirements

As referenced above, the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2010A Bonds or to cause the Series 2010 Bonds to be subject to or not exempted from state income taxation. The Issuer, the Corporation and the City have covenanted to comply with certain restrictions designed to ensure that interest on the Series 2010A Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series 2010A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2010A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2010A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2010A Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series 2010A Bonds. Prospective purchasers of Series 2010A Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture, the Lease, the Sublease, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2010A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2010A Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Jackson Kelly PLLC.

Individual Circumstances

Although Bond Counsel is of the opinion that interest on the Series 2010A Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2010A Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the

particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future Tax Changes

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2010A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or not exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2010A Bonds. Prospective purchasers of the Series 2010A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2010A Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer, the Corporation or the City, or about the effect of future changes in the Code, the application regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer, the Corporation and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel Obligations

Bond Counsel's engagement with respect to the Series 2010 Bonds ends with the issuance and delivery of the Bonds to the Underwriter, and unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Corporation, the City or the beneficial owners regarding the tax-exempt status of the Series 2010A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the City and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Issuer or the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2010A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Issuer, the City or the beneficial owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, sale and issuance of the Series 2010 Bonds are subject to the unqualified approving opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel, attached hereto as Appendix D. Certain legal matters will be passed upon for the Issuer by its counsel, Steven F. White, PLLC, Charleston, West Virginia, for the

City by its counsel, Paul Ellis, Esq., Charleston, West Virginia, and for the Underwriter by its counsel, Steptoe & Johnson PLLC, Charleston, West Virginia.

UNDERWRITING

Crews & Associates, Inc., as Underwriter, is purchasing the Series 2010 Bonds. For a description of the compensation and expense allowances to be paid to the Underwriter, see "Plan of Financing". The Purchase Contract provides that the Underwriter will purchase all the Series 2010 Bonds if any are purchased, the obligation to make such purchase being subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell the Series 2010 Bonds to certain dealers (including dealers depositing the Series 2010 Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

CONTINUING DISCLOSURE

The City has agreed to an undertaking for the benefit of the Registered Owners of the Series 2010 Bonds to provide certain financial and operating information (the "Annual Information") not later than one hundred eighty (180) days following the end of its fiscal year, commencing with its fiscal year ended June 30, 2010, and to provide the Annual Information to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Markets Access ("EMMA") System and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events to MSRB through the EMMA System and to any State Depository. This obligation shall be evidenced by the Continuing Disclosure Certificate by the City, the form of which is attached hereto as Appendix C.

This continuing disclosure obligation is being undertaken by the City to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. The City has agreed to give notice in a timely manner to MSRB through the EMMA System, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2010 Bonds. Registered Owners may contact the Treasurer of the City at 501 Virginia Street, East, Room 203, Charleston, West Virginia 25301, (304) 348-8029 for more information.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Series 2010 Bonds, the security for the payment of the Series 2010 Bonds and the rights of the registered owners thereof. The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and the City since the date hereof.

CHARLESTON BUILDING COMMISSION

By: /s/ R. Brawley Tracy
Chairman

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

Office of the State Auditor
Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Charleston
Charleston, West Virginia 25301

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charleston Sanitary Board and the Charleston Urban Renewal Authority, which represents ninety-nine percent, ninety-seven percent, and ninety-one percent, respectively of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Charleston Sanitary Board and the Charleston Urban Renewal Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

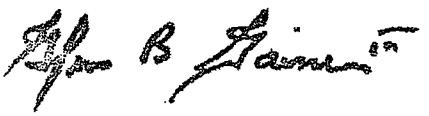
As discussed in Note I.D.9, the City implemented the provisions of Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 17 through 28 and the Schedule of Funding Progress on page 88 are not required parts of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

December 22, 2009

This section of the City of Charleston's Comprehensive Annual Financial Report presents management's discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and the City's financial statements, which follow this section.

Financial Highlights

The assets of the City of Charleston exceeded its liabilities at the close of the fiscal year by $47,567,651 (*net assets*). Net assets primarily consists of the governments investment in capital assets (179 percent).

The City of Charleston's total net assets decreased over the course of this year's operations by $10,768,295. This decrease is primarily attributable to an increase in long-term obligations for pensions ($10,954,662) and other postemployment benefits ($6,574,884). These increases were offset to a certain extent with a decrease in general liability insurance and workers' comp claims ($368,324) and the reduction of outstanding debt which exceeded additional capital leases issued ($1,575,004).

At the close of the fiscal year the governmental funds, including General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds, had combined ending fund balances of $37,289,136, an increase of $3,270,031 in comparison with prior year. This increase is attributed to an overall increase in revenues of four percent which exceeded the total three percent increase in expenditures. Total capital outlay expenditures increased thirty percent in comparison to prior year.

General Fund unreserved fund balance at the end of the fiscal year was $16,752,131 which equates to 22 percent of total General fund expenditures and 73 percent of total fund balance.

The City of Charleston's total debt decreased $2,709,713 (8 percent). There has not been any new bond issuance since 2005 and payments of principal on all debt exceeded capital lease additions in the amount of $1,575,004.

Overview of the Financial Statements

This annual report consists of four parts-*management's discussion and analysis* (this section), the *basic financial statements, required supplementary information,* and *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government reporting the City's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the Civic Center and Parking System.

Fiduciary fund statements provide information about the financial relationships, like the public safety employees retirement plan, in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain select information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that presents pension plans and other postemployment benefits schedules of funding progress.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, additional nonfinancial factors such as changes in the City's tax base and the condition of the City's roads must be considered.

The government-wide financial statements of the City are divided into three categories:

Governmental activities - Most of the City's basic services are included here, such as public safety, street maintenance, culture and recreation, and general administration. Business and occupation taxes, property taxes, and other taxes, charges for services, such as licenses, permits, inspection and refuse fees, and grants finance most of these activities.

Business-type activities - These are self-contained enterprise activities that are segregated from the general governmental activities. Revenues from fees derived from these services are not used to support other governmental activities, but remain entirely within the enterprise. The City's Civic Center and Parking System are included here.

Component units - The City includes four other entities in its report: The City of Charleston Sanitary Board, Charleston Urban Renewal Authority, Charleston Convention and Visitor's Bureau, and Charleston Building Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 30 through 33 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for a particular purpose (like the City Service Fee Project Fund) or to show it is properly using certain grants (like aid from the U.S. Department of Housing and Urban Development).

The City has three types of funds:

Governmental funds -most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view as to whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found on pages 35 through 44 of this report.

Proprietary funds -Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The government's policy is to establish fees designed to recover the cost of providing the services. In addition, the Parking System is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Consequently, GAAP requires the Civic Center and Parking System be reported as Enterprise Funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

The basic Proprietary Fund financial statements can be found on pages 46 through 50 of this report.

Fiduciary funds -The City is the trustee, or fiduciary, for its employees' pension plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The basic Fiduciary Fund financial statements can be found on pages 52 and 53 of this report.

Financial Analysis of the City as a Whole

Net Assets. The City's combined net assets reflect an eighteen percent decrease between fiscal years 2009 and 2008. This is primarily attributable to increases in long-term obligations for pensions and other postemployment benefits. Revenues remained stable and actually increased three percent during the fiscal year due in part to more aggressive collection procedures for the City's largest own-source revenue, business and occupation taxes, and other charges for services. Other taxes increased or decreased minimally. Revenues are predicted to remain stable basically linked to the economy and inflation each year, however, expenses are expected to rise accordingly.

Although the net assets of our business-type activities increased to $13,928,698 (4 percent), these resources cannot be used to reduce the net asset deficit in governmental activities.

CITY OF CHARLESTON'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 46,252,468	$ 42,675,577	$ 3,565,073	$ 3,271,848	$ 49,817,541	$ 45,947,425
Capital assets	88,305,513	87,702,182	24,752,611	25,426,098	113,058,124	113,128,280
Total assets	134,557,981	130,377,759	28,317,684	28,697,946	162,875,665	159,075,705
Long-term liabilities outstanding	83,278,726	68,026,411	12,659,108	13,667,361	95,937,834	81,693,772
Other liabilities	17,640,302	17,319,988	1,729,880	1,725,999	19,370,182	19,045,987
Total liabilities	100,919,028	85,346,399	14,388,988	15,393,360	115,308,016	100,739,759
Net Assets:						
Invested in capital assets, net of related debt	74,002,320	69,648,983	10,969,959	10,508,737	84,972,279	80,157,720
Restricted	13,856,864	14,713,465	2,132,493	2,055,937	15,989,357	16,769,402
Unrestricted	(54,220,231)	(39,331,088)	826,246	739,912	(53,393,985)	(38,591,176)
Total net assets	$ 33,638,953	$ 45,031,360	$ 13,928,698	$ 13,304,586	$ 47,567,651	$ 58,335,946

Governmental activities. Governmental activities decreased the City of Charleston's net assets by $11,392,407 thereby accounting for the total decrease in the net assets. This is primarily attributable to increases in long-term obligations for public safety pensions ($10,954,662) and other postemployment benefits ($6,403,428). The City funds the pension in accordance with an alternative funding allowed by West Virginia State Statute which will keep the fund solvent and improve the funding ratio; however, the unfunded liability continues to increase rapidly. The West Virginia State Legislature introduced a bill during the year to address these increasing unfunded pension liabilities for West Virginia cities; however, the legislation failed. Subsequent to year-end legislation was passed allowing cities to elect closing current pension funds to new hires effective January 1, 2010. New hires would be placed in a new State retirement fund. This is an option the City will address in the next few months. The City funds the other postemployment benefits for retirees on a pay-as-you-go basis; consequently, the initial OPEB obligations significantly decreased net assets.

Revenues increased $3,616,712 (4 percent) over prior year. Primarily attributable to an increase in the City's largest own source revenue, business and occupation tax, in the amount of $3,025,216 (8 percent) and charges for services in the amount of $800,783 (4 percent). These increases were due in part to more aggressive collection techniques. In addition, hotel occupancy tax increased $212,035 (8 percent) attributable to the City of Charleston Convention & Business Bureau's continued aggressive efforts and success in booking city-wide events for the past three years. Utility taxes increased $468,450 (20 percent) due to rate changes imposed by various utilities, changes in consumption of utilities, and new wireless communication providers in the area. Property taxes received from Kanawha County increased $186,346 (1 percent) over prior year.

Grant revenues decreased $753,387 (14 percent) primarily attributable to a decrease in HUD grants due to the allocation formula changes, which are based on the total to allocate and the number of entitlement communities, which resulted in a five percent decrease over prior year. In addition, the Fire Department did not receive any equipment grants in the fiscal year 2009, as it did in fiscal 2008, which accounts for a decrease in the approximate amount of $400,000. Due to the economy investment earnings were down $378,487 (48 percent) compared to prior year. Other revenues remained stable with minimal increases or decreases over prior year.

Government-wide statement governmental expenses increased $6,775,328 (7 percent) over prior year. Overall expense increased primarily attributable to other postemployment benefits ($6,403,428) which increased each function's expense over prior year. General government expense decreased six percent from prior year even with increases of two percent, respectively, for healthcare and salaries. However, costs for workers' compensation decreased 24 percent since the City implemented risk management policies a few years ago. Public Safety expense increased $3,866,107 (8 percent) attributed for the most part to retiree cost and pension liability. Streets and Transportation increased $2,947,544 (35 percent) attributable for the most part to street maintenance and snow removal costs. Salt prices across the country skyrocketed; however, the City had a fixed price contract for a specific amount of tons and opted to purchase the full contract. The City's inventory is high, therefore, the costs for 2010 should drop significantly. Economic development decreased $971,050 (32 percent) due to a reduction of approximately five percent in HUD allocations and some projects did not begin as scheduled and were not completed.

City of Charleston's Changes in Net Assets

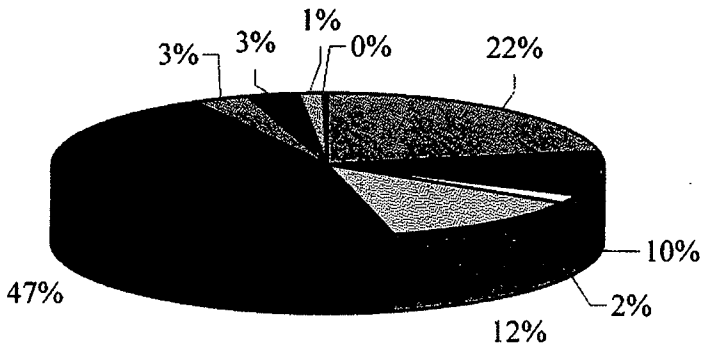
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	$ 19,051,272	$ 18,250,489	$ 6,428,379	$ 6,618,044	$ 25,479,651	$ 24,868,533
Operating Grants and Contributions	8,572,211	9,541,628	-	-	8,572,211	9,541,628
Capital Grants and Contributions	1,509,503	1,471,975	48,387	224,125	1,557,890	1,696,100
General Revenues:						
Property Taxes	10,541,473	10,355,037	-	-	10,541,473	10,355,037
Business & Occupation Taxes	39,691,857	36,666,641	-	-	39,691,857	36,666,641
Other Taxes	6,605,869	5,923,045	-	-	6,605,869	5,923,045
Other	319,711	466,369	55,348	157,601	375,059	623,970
Total Revenues	86,291,896	82,675,184	6,532,114	6,999,770	92,824,010	89,674,954
General Government	14,941,103	15,897,074	-	-	14,941,103	15,897,074
Public Safety	52,108,035	48,241,928	-	-	52,108,035	48,241,928
Highways & Streets	11,294,498	8,346,954	-	-	11,294,498	8,346,954
Health & Sanitation	6,091,526	5,207,158	-	-	6,091,526	5,207,158
Economic Development	2,024,572	2,995,622	-	-	2,024,572	2,995,622
Culture & Recreation	7,514,740	6,675,344	-	-	7,514,740	6,675,344
Social Services	850,858	822,953	-	-	850,858	822,953
Interest on Long-Term Debt	920,328	58,003	-	-	920,328	58,003
Civic Center	-	-	4,846,625	4,889,784	4,846,625	4,889,784
Parking System	-	-	3,000,020	3,140,715	3,000,020	3,140,715
Total Expenses	95,745,660	88,245,036	7,846,645	8,030,499	103,592,305	96,275,535

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Increase in Net Assets Before Transfers	$ (9,453,764)	$ (5,569,852)	$ (1,314,531)	$ (1,030,729)	$ (10,768,295)	$ (6,600,581)
Transfers	(1,938,643)	(1,192,468)	1,938,643	1,192,468	-	-
Increase in Net Assets	(11,392,407)	(6,762,320)	624,112	161,739	(10,768,295)	(6,600,581)
Net Assets- beginning	45,031,360	51,793,680	13,304,586	13,142,847	58,335,946	64,936,527
Net Assets- ending	$ 33,638,953	$ 45,031,360	$ 13,928,698	$ 13,304,586	$ 47,567,651	$ 58,335,946

Business-type activities. Total net assets of the City's business-type activities ($13,928,698) increased four percent over prior year. Operating revenues reflected a two percent ($189,655) decrease over prior year. The Civic Center decrease is primarily attributable to fewer shows because the touring concert industry is down due to the downturn in the economy. The number of shows affects other income such as rental, commissions, and catering. The Parking System decrease is also attributable in part to the downturn in the economy resulting in fewer people downtown. Meter revenues and parking violations decreased 8 percent and 18 percent, respectively. The operating expenses for the Civic Center remained comparable to prior year. The Parking System operating expenses decreased four percent from prior year attributable in part to centralized contract arrangements for garage maintenance with the General Fund and the corresponding employee reduction of two.

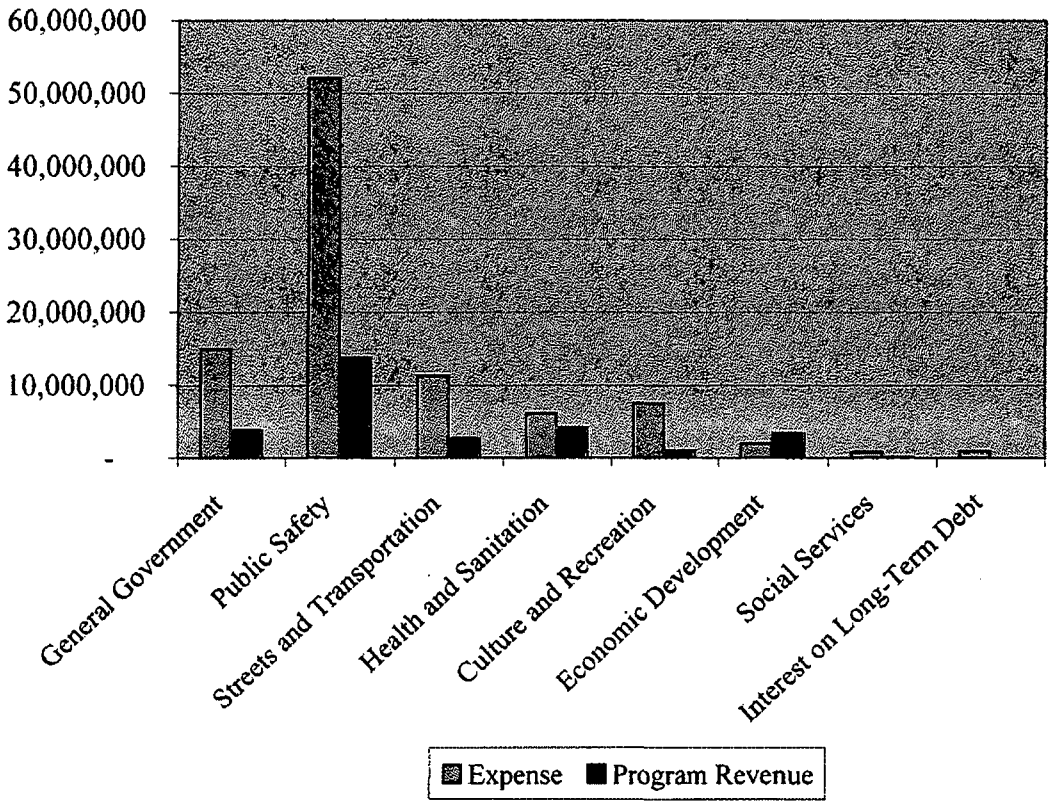
The Civic Center total net assets decreased $109,979 partially attributable to implementation of GASB 45 which increased liabilities for OPEB in the amount of $82,565 for the 2009 fiscal year. The Parking System net assets increased $734,091 even with decreased operating revenues and the additional liability of $88,891 for OPEB. The decreased operating expense of four percent and reduction of debt interest costs for the past four years due to the 2005 refunding of its debt has significantly impacted the financial stability of the fund.

Revenue by Source-Governmental Activities

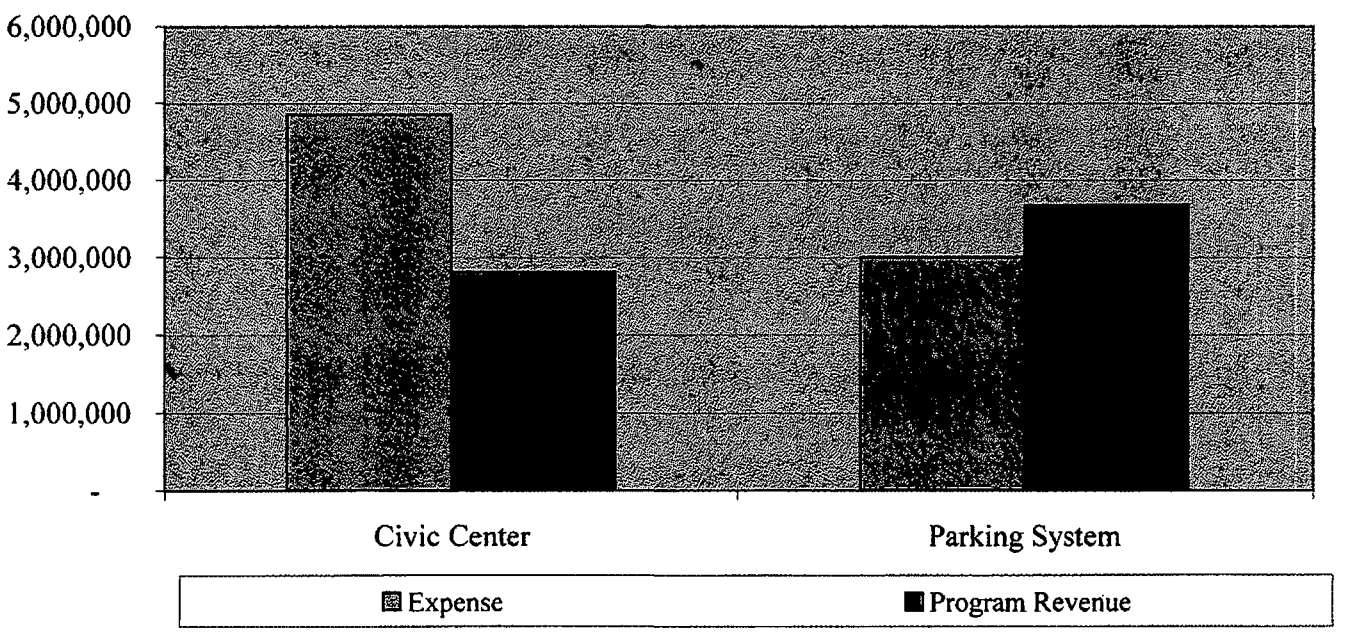


Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions
Property Taxes | Business and Occupation Taxes | Utility Taxes
Hotel Motel Taxes | Other Taxes | Other

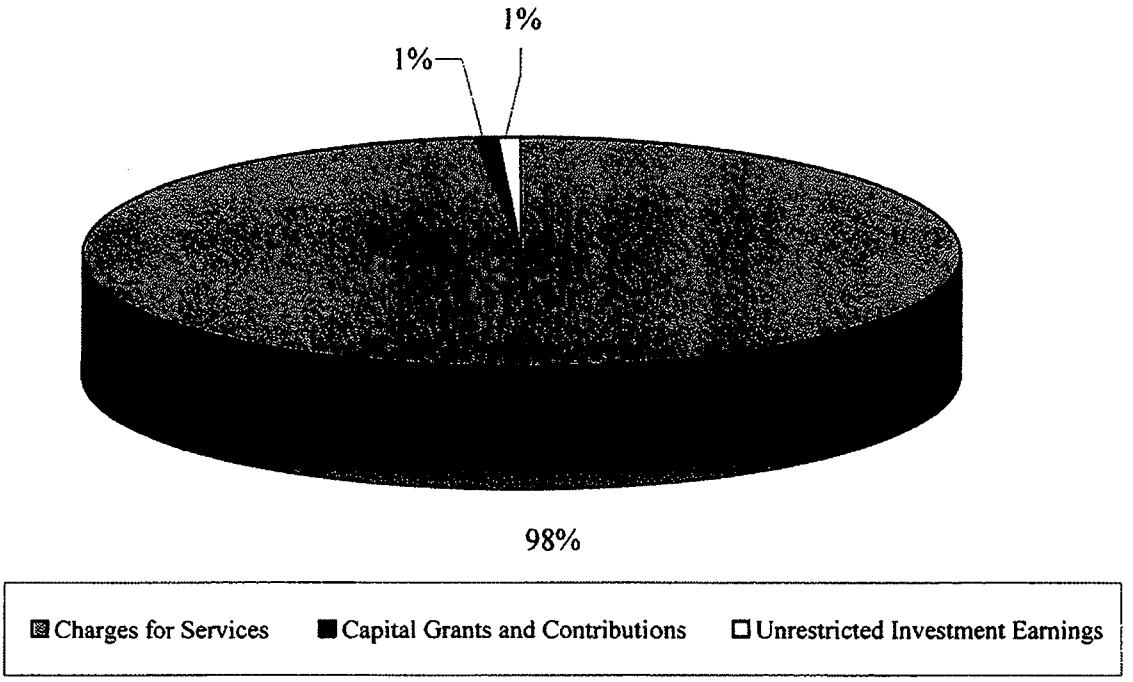
Expenses and Program Revenues-Governmental Activities



Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

The City of Charleston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Charleston's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Charleston's Governmental Funds reported combined ending fund balances of $37,289,136, an increase of $3,270,031 in comparison with the prior year. Approximately 51 percent of this amount ($19,075,881) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year ($4,337,788), 2) to pay debt service ($4,149,019), 3) to generate income to pay for the perpetual care of the municipal cemetery ($1,504,656), or 4) for community development, capital projects or public safety measures ($8,221,792).

The General Fund is the chief operating fund of the City of Charleston. At the end of the current fiscal year, unreserved fund balance of the General Fund was $16,752,131, while total fund balance reached $22,732,814. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23 percent of total General Fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the City of Charleston's General Fund increased significantly by $3,157,881 during the current fiscal year. This is attributable for the most part to significant revenue increases of six percent collectively for taxes and charges for services which were discussed in detail in the section, Financial Analysis of the City as a Whole-Governmental Activities.

Expenditures increased $1,727,805, (2 percent) in comparison to prior year. General government expenditures actually decreased in the amount of $424,339 (2 percent) due to the allocation of retiree costs to the various functions. Public safety costs increased $559,514 (1 percent) primarily attributable to an increase of $439,624 (33 percent) in public safety retiree health care costs and increased capital expenditures of $149,784 (7 percent). Culture and recreation expenditures increased $605,038 (10 percent) due to increased capital expenditures (1.66 percent); increased costs for the ball park utilities and maintenance (45 percent); increased contributions to other entities for cultural and recreational activities (2 percent); and retiree cost allocation (11 percent). Streets and transportation and health and sanitation expenditures increased primarily due to retiree cost allocation in the amount of $473,342 (6 percent) and $359,987 (8 percent), respectively.

The Coal Severance Tax Fund receives coal severance tax distributed from the State of West Virginia collections. These revenues are dedicated to the Civic Center bond debt service. Coal severance increased (29 percent) over the prior year even with the past year's decreasing coal prices; however, mining the coal has continued. The Community Development and HOME Funds are funded totally by HUD federal grants for community development. The grant revenues received were less due to an allocation reduction of approximately five percent.

Proprietary funds. The City of Charleston's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Charleston's business-type Activities.

General Fund Budgetary Highlights

The City periodically revises the budget throughout the year to recognize projects carried over from the previous year, grants, and contributions received for various projects, and to adjust budgets to reflect actual circumstances. Appropriations between the original budget and the final amended budget reflected an increase of ten percent ($7,604,099). The most significant can be briefly summarized as follows:

Legal expenses were increased $1,557,046 to provide a reserve for court costs and damages for general liability claims. The City has adopted the policy of carrying forward of any remaining budgeted funds at year-end to have the additional reserve in place to provide for any unforeseen circumstances.

Engineering remaining budgeted funds for stormwater projects in the amount of $180,791 were carried forward for continuance of the project that was not completed by the 2008 fiscal year-end.

To implement a new salary grade reconfiguration initiative, the amount of $240,328 was budgeted for various department salary increases from remaining fund balance.

The Mayor's contributions to various entities were increased approximately $224,851.

Various sources of funds, including contributions and State grants, were recognized to provide for renovations to the Municipal Auditorium theatrical lighting renovation project in the total amount of $242,809.

Capital projects costs were increased approximately $987,824 to carry over remaining funds for unfinished projects and equipment purchases from prior year.

City Manager professional services remaining budgeted funds in the amount of $393,887 were carried forward for various contracted services that were not completed by the 2008 fiscal year-end. In addition, from remaining fund balance, $560,875 was budgeted to provide for acquisition of a GIS System.

From remaining fund balance the following transfers were budgeted: Health Care Reserve Fund for $500,000 to provide additional funds for any significant increases in health care costs; General Maintenance Fund for $500,000 to provide for engineering infrastructure major improvement projects; and City Facilities Fund for $500,000 to provide for major improvement facility projects.

All amendments were budgeted from available fund balance and increases in various charges for services, grants, insurance proceeds, and contributions. For the fiscal year 2009 General Fund revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

The City's general fund balance of $22,732,814 differs from the general fund's budgetary fund balance of $12,769,277 reported in the budgetary financial statement principally because budgetary fund balance excludes accrual of business and occupation taxes. The total business and occupation tax accrual in the amount of $9,963,537 has not been reappropriated for budgetary purposes, only actual cash collections are budgeted each fiscal year.

Capital Asset and Debt Administration

Capital Assets. The City of Charleston's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to $113,058,124 (net of accumulated depreciation). This investment in capital assets includes land, building and system, machinery and equipment, park and other recreational facilities, roads, bridges and other infrastructure.

Major capital asset events during the current fiscal year included the following:

Several projects were completed during the fiscal year, including City Hall internal renovations in the approximate amount of $609,226; bridge lighting projects in the amount of $473,587; several retaining walls, bridge and road repairs in the amount of $1,261,990; Municipal Auditorium stage lighting system in the amount of $260,438; public safety buildings in the amount of $23,289; and community improvements in the amount of $173,906.

A variety of projects for renovations, landslides, retaining walls, and various small projects were remaining in construction in progress as of the end of the current fiscal year in the amount of $2,631,688.

City of Charleston's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 7,450,037	$ 7,450,037	$ 4,366,447	$ 4,366,447	$ 11,816,484	$ 11,816,484
Construction in Progress	1,810,507	1,301,039	821,181	147,845	2,631,688	1,448,884
Buildings & Improvements	30,565,624	30,537,797	18,456,146	19,869,645	49,021,770	50,407,442
Other Improvements	6,684,614	7,190,264	453,121	480,002	7,137,735	7,670,266
Machinery & Equipment	8,231,329	8,010,595	655,716	562,159	8,887,045	8,572,754
Infrastructure	33,563,402	33,212,450	-	-	33,563,402	33,212,450
Total	$ 88,305,513	$ 87,702,182	$ 24,752,611	$ 25,426,098	$ 113,058,124	$ 113,128,280

Additional information on the City of Charleston's capital assets can be found in Note IV.C. on pages 68 through 70 of this report.

Long-term debt. At the end of the current fiscal year, the City of Charleston had total general obligation bonded debt outstanding of $1,370,000. The full amount is backed by the full faith and credit of the government. The remainder of the City of Charleston's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Charleston's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	$ 1,370,000	$ 2,645,000	$ -	$ -	$ 1,370,000	$ 2,645,000
Revenue Bonds	3,875,679	4,147,126	13,782,652	14,917,361	$ 17,658,331	19,064,487
Total	$ 5,245,679	$ 6,792,126	$ 13,782,652	$ 14,917,361	$ 19,028,331	$ 21,709,487

The City of Charleston General Obligation Bonds maintain an A-1 rating from Moody's .

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Charleston is $140,969,118, which is significantly in excess of the City of Charleston's outstanding general obligation bonds.

Additional information on the City of Charleston's long-term debt can be found in Note IV.F. on pages 72 through 76 of this report.

Economic Factors and Next Year's Budget

Many factors are considered each year by the City Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop fees that are fair, reasonable, and adequately recover costs. Some of the major factors considered in this process are the local economy, labor force, unemployment rate, and inflation rates.

The unemployment rate was at a ten year high during June at 8.1 percent. The average for the past twelve months was 5.2 percent and is currently at 7.4 percent. The last twelve months reflected decreases in the labor market for construction and mining (-0.6 percent), professional and business services (-7.1 percent), information (-7.1 percent); however, an increase was reflected for education and health services (5.0 percent). Other sectors remained stable with minor declines.

The occupancy rate of the government's central business district has remained at 85 to 90 percent for the past several years.

Inflationary trends in the region compare favorably to national indices.

In March 2009, the City of Charleston approved a balanced budget for the fiscal year 2010, with General Fund appropriations of $80,276,070, down by $3,134,889 from the final 2009 budget. The increase to the final budget for 2009 was mostly attributable to reappropriated amounts for unfinished projects from fiscal year 2008.

Requests for Information

This financial report is designed to provide a general overview of the City of Charleston's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Controller (City Auditor), 501 Virginia Street, East, P.O. Box 2749, Charleston, WV 25330.

CITY OF CHARLESTON, WEST VIRGINIA
THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are presented on pages 30 through 33. A brief description of the City's discretely presented component units follows since these component units are presented only on these government-wide statements.

City of Charleston Sanitary Board is composed of a board and is a discretely presented component unit of the City. The Sanitary Board is responsible for governing the activity associated with providing sanitary sewerage services.

Charleston Urban Renewal Authority is composed of a separate board and is a discretely presented component unit of the City. The Authority is responsible for developing commercial property within the City.

City of Charleston Convention and Visitor's Bureau, Inc. was established in 1979 as a nonprofit corporation, is composed of a board and is a discretely presented component unit of the City. The primary purpose of the bureau is to operate a convention and visitors bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences, and conventions.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
ASSETS						
Current assets:						
Cash & cash equivalents	$ 20,093,242	$ 1,115,191	$ 21,208,433	$ 7,732,654	$ 6,301,740	$ 676,254
Investments	1,349,784	--	1,349,784	--	--	--
Receivables:						
Accounts	3,803,163	228,443	4,031,606	986,987	--	226,195
Accrued interest	32,871	--	32,871	--	1,695	--
Taxes	11,691,479	--	11,691,479	--	--	--
Rents	--	--	--	--	1,073	--
Other	--	--	--	5,094	--	--
Loans	5,246,031	--	5,246,031	--	3,239,896	--
Grants	670,614	--	670,614	--	--	--
Internal balances	129,652	(129,652)	--	--	--	--
Due from:						
Component units	53,192	--	53,192	--	--	--
Fiduciary funds	1,151	--	1,151			
Inventories	--	--	--	50,074	--	81
Prepaid insurance and lease	830,761	197,570	1,028,331	268,077	650	3,016
Restricted assets:						
Regular account	--	299,932	299,932	1,833,453	--	--
Reserve account	--	--	--	5,106,191	--	--
Renewal and replacement	--	--	--	4,974,167	--	--
Reserve for bond retirement	--	623,606	623,606	--	--	--
Restricted cash	2,339,959	--	2,339,959	--	--	--
Reserve for construction	--	--	--	1,667,192	--	--
Reserve for health care	--	--	--	1,485,314	--	--
Customer deposits	--	91,088	91,088	--	--	--
Total current assets	46,241,899	2,426,178	48,668,077	24,109,203	9,545,054	905,546
Noncurrent assets						
Restricted:						
Revenue bond covenant accounts	--	1,138,895	1,138,895	--	--	--
Deferred charges	10,569	--	10,569	73,829	--	--
Capital assets not being depreciated:						
Land	7,450,037	4,366,447	11,816,484	1,432,257	7,807,419	--
Construction in progress	1,810,507	821,181	2,631,688	1,480,004	--	--
Capital assets being depreciated:						
Buildings and improvements	59,995,796	64,031,900	124,027,696	29,764,088	39,378	192,320
Vehicles	16,229,017	--	16,229,017	--	--	--
Infrastructure	80,092,181	--	80,092,181	--	--	--
Transmission and distribution	--	--	--	103,620,066	--	--

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
Machinery & equipment	$ 14,616,858	$ 2,059,054	$ 16,675,912	$ 5,937,809	$ 20,754	$ 190,413
Less: accumulated depreciation	(91,888,883)	(46,525,971)	(138,414,854)	(47,235,036)	(21,299)	(227,423)
Total capital assets	88,305,513	24,752,611	113,058,124	94,999,188	7,846,252	155,310
Total noncurrent assets	88,316,082	25,891,506	114,207,588	95,073,017	7,846,252	155,310
Total assets	$ 134,557,981	$ 28,317,684	$ 162,875,665	$ 119,182,220	$ 17,391,306	$ 1,060,856
LIABILITIES						
Current liabilities:						
Current liabilities payable from current assets:						
Accounts payable	1,841,202	122,011	1,963,213	457,774	27,317	122,489
Payroll payable	723,711	44,473	768,184	84,095	2,750	5,107
Other accrued expenses	30,374	3,901	34,275	--	9,232	--
Solicitation bonds payable	24,710	--	24,710	--	--	--
Benefits payable	72,877	10,825	83,702	144,592	7,844	--
Reserve for future insurance claims	655,000	35,000	690,000	--	--	--
Due to:						
Primary government	--	--	--	53,192	--	--
Current liabilities payable from restricted assets:						
Accrued bond interest payable	40,022	94,351	134,373	634,110	--	--
Accrued capital lease interest payable	109,672	--	109,672	--	--	--
Customer deposits	--	53,641	53,641	--	--	--
Deferred revenues:						
Unearned revenue	5,332,327	--	5,332,327	--	67,333	--
Due within one year	8,810,407	1,365,678	10,176,085	2,201,093	11,000	--
Total current liabilities	17,640,302	1,729,880	19,370,182	3,574,856	125,476	127,596
Noncurrent liabilities:						
Due in more than one year	83,278,726	12,659,108	95,937,834	66,477,997	--	--
Total noncurrent liabilities	83,278,726	12,659,108	95,937,834	66,477,997	--	--
Total liabilities	100,919,028	14,388,988	115,308,016	70,052,853	125,476	127,596

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
NET ASSETS						
Invested in capital assets (net of related debt)	$ 74,002,320	$ 10,969,959	$ 84,972,279	$ 27,195,606	$ 7,846,252	$ 155,310
Restricted for:						
Debt service	4,130,416	2,062,433	6,192,849	13,121,385	--	--
Capital projects	5,358,960	70,060	5,429,020	--	--	--
Community development projects	2,473,627	--	2,473,627	--	--	--
Public safety and streets	389,205	--	389,205	--	--	--
Perpetual care:						
Expendable	606,658	--	606,658	--	--	--
Nonexpendable	897,998	--	897,998	--	--	--
Unrestricted	(54,220,231)	826,246	(53,393,985)	8,812,376	9,419,578	777,950
Total net assets	$ 33,638,953	$ 13,928,698	$ 47,567,651	$ 49,129,367	$ 17,265,830	$ 933,260

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Sanitary Board	Component Units: Urban Renewal Authority	Component Units: Convention & Visitor's Bureau
Primary government:										
Governmental activities:										
General government	$ 14,941,103	$ 3,456,574	$ 380,059	$ 31,540	$ (11,072,930)	$ --	$ (11,072,930)	$ --	$ --	$ --
Public safety	52,108,035	8,569,748	4,775,760	440,966	(38,321,561)	--	(38,321,561)	--	--	--
Streets and transportation	11,294,498	2,639,926	--	71,081	(8,583,491)	--	(8,583,491)	--	--	--
Health and sanitation	6,091,526	4,103,198	90,426	--	(1,897,902)	--	(1,897,902)	--	--	--
Culture and recreation	7,514,740	120,618	652,957	271,329	(6,469,836)	--	(6,469,836)	--	--	--
Interest on long-term debt	920,328	--	--	--	(920,328)	--	(920,328)	--	--	--
Social services	850,858	161,208	(45,420)	--	(735,070)	--	(735,070)	--	--	--
Economic development	2,024,572	--	2,718,429	694,587	1,388,444	--	1,388,444	--	--	--
Total governmental activities	95,745,660	19,051,272	8,572,211	1,509,503	(66,612,674)	--	(66,612,674)	--	--	--
Business-type activities:										
Civic Center	4,846,625	2,757,995	--	48,387	--	(2,040,243)	(2,040,243)	--	--	--
Parking System	3,000,020	3,670,384	--	--	--	670,364	670,364	--	--	--
Total business-type activities	7,846,645	6,428,379	--	48,387	--	(1,369,879)	(1,369,879)	--	--	--
Total primary government	$ 103,592,305	$ 25,479,651	$ 8,572,211	$ 1,557,890	(66,612,674)	(1,369,879)	(67,982,553)	--	--	--
Component units:										
Sanitary Board	14,907,244	18,761,969	--	21,147	--	--	--	3,875,872	--	--
Urban Renewal Authority	1,064,890	876,287	--	243,000	--	--	--	--	54,397	--
Convention & Visitor's Bureau	2,406,145	34,537	1,945,312	--	--	--	--	--	--	(426,296)
Total component units	$ 18,378,279	$ 19,672,793	$ 1,945,312	$ 264,147	--	--	--	3,875,872	54,397	(426,296)
General revenues:										
Ad valorem property taxes					10,541,473	--	10,541,473	--	--	--
Business & occupation tax					39,691,857	--	39,691,857	--	--	--
Alcoholic beverages tax					778,890	--	778,890	--	--	--
Utility services tax					2,776,258	--	2,776,258	--	--	--
Hotel occupancy tax					2,779,180	--	2,779,180	--	--	--
Amusement tax					203,751	--	203,751	--	--	--
Other taxes					67,790	--	67,790	--	--	--
Unrestricted investment earnings					151,378	52,842	204,220	194,889	229,475	--
Gain on sale of capital assets					168,333	2,506	170,839	20,000	23,035	--
Miscellaneous					--	--	--	--	--	--
Transfers					(1,938,643)	1,938,643	--	--	--	--
Total general revenues and transfers					55,220,267	1,993,991	57,214,258	214,889	252,510	--
Change in net assets					(11,392,407)	624,112	(10,768,295)	4,090,761	306,907	(426,296)
Net assets - beginning (Restated - Note IV.I.)					45,031,360	13,304,586	58,335,946	45,038,606	16,958,923	1,359,556
Net assets - ending					$ 33,638,953	$ 13,928,698	$ 47,567,651	$ 49,129,367	$ 17,265,830	$ 933,260

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

General Fund This fund is used as the City's operating fund. It accounts for the financial resources and transactions that are not accounted for in other funds. The revenues are from taxes and other general revenues.

Coal Severance Tax Fund This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State of West Virginia requires this fund to be presented separately for budgetary compliance requirements.

Community Development Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities," which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low-and moderate-income people.

HOME Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

Nonmajor governmental funds are presented in aggregate and then by fund type beginning on page 90

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 8,756,027	$ 84,745	$ 3,333	$ 55,693	$ 11,193,444	$ 20,093,242
Investments	--	--	--	--	1,349,784	1,349,784
Receivables:						
Taxes	11,591,438	--	--	--	100,041	11,691,479
Accounts	3,391,877	--	--	--	411,286	3,803,163
Grants	10,505	--	252,541	18,116	389,452	670,614
Loans	--	--	1,578,733	3,390,233	277,065	5,246,031
Accrued interest	24,528	--	1,913	--	6,430	32,871
Due from:						
Other funds	648,939	--	--	--	78,690	727,629
Component units	22,229	--	--	--	30,963	53,192
Prepaid insurance	830,761	--	--	--	--	830,761
Restricted cash	200,176	--	--	--	2,139,783	2,339,959
Total assets	$ 25,476,480	$ 84,745	$ 1,836,520	$ 3,464,042	$ 15,976,938	$ 46,838,725
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	931,924	--	187,127	800	721,351	1,841,202
Payroll payable	723,711	--	--	--	--	723,711
Other accrued expenditures	30,374	--	--	--	--	30,374
Solicitation bonds payable	24,710	--	--	--	--	24,710
Benefits payable	72,877	--	--	--	--	72,877
Reserve for future insurance claims	655,000	--	--	--	--	655,000
Due to:						
Other funds	6,651	--	67,742	17,316	505,118	596,827
Deferred revenues:						
Unearned revenue	66,577	--	1,483,701	3,445,926	336,123	5,332,327
Taxes	231,842	--	--	--	40,719	272,561
Total liabilities	2,743,666	--	1,738,570	3,464,042	1,603,311	9,549,589

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:						
Reserved for:						
Encumbrances	$ 4,337,788	$ --	$ --	$ --	$ --	$ 4,337,788
Perpetual care	--	--	--	--	1,504,656	1,504,656
Debt service	200,176	84,745	--	--	3,864,098	4,149,019
Community development	--	--	97,950	--	2,375,677	2,473,627
Capital projects	1,417,733	--	--	--	3,941,227	5,358,960
Public safety and streets	24,986	--	--	--	364,219	389,205
Unreserved, reported in:						
General fund	16,752,131	--	--	--	--	16,752,131
Special revenue funds	--	--	--	--	2,323,750	2,323,750
Total fund balances	22,732,814	84,745	97,950	--	14,373,627	37,289,136
Total liabilities and fund balances	$ 25,476,480	$ 84,745	$ 1,836,520	$ 3,464,042	$ 15,976,938	$ 46,838,725

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances on the governmental fund's balance sheet	$	37,289,136
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. (Note IV.C.)		88,305,514
Deferral of bond issuance cost which is amortized over the life of the bonds is not reported in the funds. (Note IV.F.)		10,569
Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds. (Note IV.B.)		272,561
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note II.A).		(92,238,827)
Net assets of governmental activities	$	33,638,953

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem property taxes	$ 9,200,605	$ --	$ --	$ --	$ 1,553,256	$ 10,753,861
Business & occupation tax	39,691,857	--	--	--	--	39,691,857
Alcoholic beverages tax	778,890	--	--	--	--	778,890
Utility services tax	2,776,258	--	--	--	--	2,776,258
Hotel occupancy tax	2,779,180	--	--	--	--	2,779,180
Animal tax	6,024	--	--	--	--	6,024
Gas and oil severance tax	61,766	--	--	--	--	61,766
Amusement tax	203,751	--	--	--	--	203,751
Licenses and permits	1,731,941	--	--	--	--	1,731,941
Intergovernmental:						
Federal	96,475	--	2,067,180	716,046	1,717,087	4,596,788
State	3,563,421	263,032	--	--	--	3,826,453
Charges for services	12,025,108	--	--	--	4,116,388	16,141,496
Fines and forfeits	--	--	--	--	1,189,702	1,189,702
Interest and investment earnings	149,552	348	144,302	--	106,296	400,498
Reimbursements	1,184,228	--	5,101	--	50,441	1,239,770
Contributions and donations	651,629	--	--	--	14,311	665,940
Miscellaneous	504,290	--	231	--	9,403	513,924
Total revenues	75,404,975	263,380	2,216,814	716,046	8,756,884	87,358,099
EXPENDITURES						
Current:						
General government	14,427,822	--	--	--	338,406	14,766,228
Public safety	37,532,483	--	--	--	1,318,152	38,850,635
Streets and transportation	8,268,175	--	--	--	1,761	8,269,936
Health and sanitation	4,503,172	--	--	--	1,136,104	5,639,276
Culture and recreation	6,421,350	--	--	--	--	6,421,350
Social services	763,007	--	--	--	32,448	795,455
Economic development	--	--	2,256,673	716,046	644,200	3,616,919
Debt service:						
Principal	466,447	--	--	--	1,415,000	1,881,447
Interest	570,662	--	--	--	349,162	919,824
Capital outlay:						
Highways and streets	--	--	--	--	3,269,518	3,269,518
Total expenditures	72,953,118	--	2,256,673	716,046	8,504,751	84,430,588

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	$ 2,451,857	$ 263,380	$ (39,859)	$ --	$ 252,133	$ 2,927,511
OTHER FINANCING SOURCES (USES)						
Transfers in	3,650,330	--	--	--	3,738,086	7,388,416
Transfers (out)	(5,210,114)	(240,360)	--	--	(3,851,358)	(9,301,832)
Federal Grant Refund	--	--	--	--	(9,872)	(9,872)
Sale of capital assets	104,808	--	--	--	--	104,808
Capital leases	2,161,000	--	--	--	--	2,161,000
Total other financing sources (uses)	706,024	(240,360)	--	--	(123,144)	342,520
Net change in fund balances	3,157,881	23,020	(39,859)	--	128,989	3,270,031
Fund balances - beginning	19,574,933	61,725	137,809	--	14,244,638	34,019,105
Fund balances - ending	$ 22,732,814	$ 84,745	$ 97,950	$ --	$ 14,373,627	$ 37,289,136

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	3,270,031
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note II.B).		664,808
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		(61,475)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (Change in Deferred Taxes).		(212,388)
The issuance of long term debt (e.g, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B).		1,574,500
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Note II.B).		(16,627,883)
Change in net assets of governmental activities	$	(11,392,407)

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Adjustments		Variance With
	Original	Final	Modified Accrual Basis	Budget Basis	Actual Amounts	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Property	$ 8,800,000	$ 8,800,000	$ 9,200,605	$ --	$ 9,200,605	$ 400,605
Business & occupation	36,850,000	36,659,449	39,691,857	(251,355)	39,440,502	2,781,053
Utility	2,280,000	2,280,000	2,776,258	--	2,776,258	496,258
Hotel motel	2,725,000	2,755,000	2,779,180	--	2,779,180	24,180
Alcoholic beverages	600,000	600,000	778,890	--	778,890	178,890
Amusement	175,000	175,000	203,751	--	203,751	28,751
Animal	6,000	6,000	6,024	--	6,024	24
Gas & oil severance	60,000	60,000	61,766	--	61,766	1,766
Licenses and permits	1,612,000	1,612,000	1,731,941	--	1,731,941	119,941
Charges for services	11,867,897	11,229,668	12,025,108	--	12,025,108	795,440
Intergovernmental:						
Federal	80,000	100,000	96,475	--	96,475	(3,525)
State	--	107,415	3,563,421	(3,506,006)	57,415	(50,000)
Interest and investment earnings	400,000	400,000	149,552	--	149,552	(250,448)
Reimbursements	1,321,163	1,326,945	1,184,228	--	1,184,228	(142,717)
Payments in lieu of taxes	7,000	7,000	--	--	--	(7,000)
Contributions and donations	328,000	887,206	651,629	--	651,629	(235,577)
Miscellaneous	449,600	578,478	504,290	--	504,290	(74,188)
Total revenues	67,561,660	67,584,161	75,404,975	(3,757,361)	71,647,614	4,063,453
EXPENDITURES						
General government:						
Mayor's office	475,295	711,648	446,334	--	446,334	265,314
City council	134,720	134,720	119,956	--	119,956	14,764
City manager	3,645,708	4,624,211	3,462,252	--	3,462,252	1,161,959
City treasurer	151,925	152,325	137,423	--	137,423	14,902
City collector	989,461	1,000,349	920,264	--	920,264	80,085
City clerk	159,779	159,779	146,589	--	146,589	13,190
Municipal court	424,630	428,502	395,863	--	395,863	32,639
Legal	1,052,922	2,632,563	778,324	--	778,324	1,854,239
Accounting	506,416	521,345	464,355	--	464,355	56,990
Engineering	1,157,525	1,355,607	709,277	--	709,277	646,330
MOECD	536,590	542,098	515,009	--	515,009	27,089
Human resources	508,517	514,026	451,977	--	451,977	62,049
Contributions to Main Street Program	30,000	30,000	30,000	--	30,000	--
Contribution to Charleston Land Trust	20,000	--	--	--	--	--
Mail room	233,456	233,456	217,997	--	217,997	15,459
Building commission	654,944	727,453	652,251	--	652,251	75,202
Planning	556,315	562,061	518,686	--	518,686	43,375

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Information systems	$ 724,100	$ 734,383	$ 629,485	$ --	$ 629,485	$ 104,898
Building maintenance	1,669,868	1,976,812	1,891,142	--	1,891,142	85,670
Internal audit	89,673	99,140	90,127	--	90,127	9,013
Morris Square	116,000	129,000	120,827	--	120,827	8,173
Employee health clinic	389,984	389,984	386,650	--	386,650	3,334
Public works	290,057	305,269	284,555	--	284,555	20,714
Public grounds	1,351,493	1,369,147	1,212,949	--	1,212,949	156,198
Contingency	225,050	30,851	--	--	--	30,851
Total general government	16,094,428	19,364,729	14,582,292	--	14,582,292	4,782,437
Public safety:						
Police	15,981,479	15,778,022	16,720,092	(1,700,936)	15,019,156	758,866
Fire	15,836,571	15,799,659	17,423,742	(1,805,070)	15,618,672	180,987
Traffic engineering	1,025,266	1,038,228	1,011,519	--	1,011,519	26,709
C-K emergency services	217,557	219,167	186,597	--	186,597	32,570
Total public safety	33,060,873	32,835,076	35,341,950	(3,506,006)	31,835,944	999,132
Streets and transportation:						
Streets and transportation	4,195,547	4,328,124	4,207,534	--	4,207,534	120,590
Equipment maintenance	2,892,540	2,897,872	2,853,520	--	2,853,520	44,352
Total streets and transportation	7,088,087	7,225,996	7,061,054	--	7,061,054	164,942
Health and sanitation:						
Refuse collection & recycling	3,570,979	3,579,059	3,297,587	--	3,297,587	281,472
Kanawha-Charleston health	100,000	200,000	200,000	--	200,000	--
CARES	45,000	45,000	45,000	--	45,000	--
Total health and sanitation	3,715,979	3,824,059	3,542,587	--	3,542,587	281,472
Culture and recreation:						
Parks and recreation	2,775,146	2,793,533	2,493,754	--	2,493,754	299,779
Convention and visitor's bureau	1,362,500	1,377,500	1,370,708	--	1,370,708	6,792
Cultural/fairs/festivals	283,500	333,500	285,315	--	285,315	48,185
Contribution to Charleston YWCA	25,000	25,000	--	--	--	25,000
Festival Fund for the Arts	95,000	95,000	90,000	--	90,000	5,000
Municipal auditorium	249,149	249,149	221,865	--	221,865	27,284
Charleston Area Alliance	175,000	175,000	175,000	--	175,000	--
Library	875,000	875,000	875,000	--	875,000	--
Appalachian Power Park	387,000	387,000	318,084	--	318,084	68,916
Total culture and recreation	6,227,295	6,310,682	5,829,726	--	5,829,726	480,956
Social services:						
Spring hill cemetery	617,321	622,367	547,884	--	547,884	74,483
Human rights	202,182	207,691	173,189	--	173,189	34,502
Total social services	819,503	830,058	721,073	--	721,073	108,985

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Capital projects:						
General government	$ 661,551	$ 1,312,088	$ 724,771	$ --	$ 724,771	$ 587,317
Public safety	2,670,465	3,281,585	2,231,383	--	2,231,383	1,050,202
Streets and transportation	766,447	831,030	803,927	--	803,927	27,103
Health and sanitation	584,455	971,100	742,692	--	742,692	228,408
Culture and recreation	148,040	468,141	453,655	--	453,655	14,486
Social services	31,725	31,725	30,996	--	30,996	729
Total capital projects	4,862,683	6,895,669	4,987,424	--	4,987,424	1,908,245
Debt service:						
Principal	466,701	466,447	466,447	--	466,447	--
Interest	410,491	410,745	410,745	--	410,745	--
Bond Service Charges	--	--	9,820	--	9,820	(9,820)
Total debt service	877,192	877,192	887,012	--	887,012	(9,820)
Total expenditures	72,746,040	78,163,461	72,953,118	(3,506,006)	69,447,112	8,716,349
Excess of revenues over (under) expenditures	(5,184,380)	(10,579,300)	2,451,857	(251,355)	2,200,502	12,779,802
OTHER FINANCING SOURCES (USES)						
Transfers in	3,700,000	3,874,809	3,650,330	--	3,650,330	(224,479)
Transfers out	(3,060,820)	(5,247,498)	(5,210,114)	--	(5,210,114)	37,384
Capital lease proceeds	2,195,200	1,939,238	2,161,000	--	2,161,000	221,762
Sale of capital assets	150,000	150,000	104,808	--	104,808	(45,192)
Total other financing sources (uses)	2,984,380	716,549	706,024	--	706,024	(10,525)
Net change in fund balance	(2,200,000)	(9,862,751)	3,157,881	(251,355)	2,906,526	12,769,277
Fund balance-beginning	2,200,000	9,862,751	19,574,933	(9,712,182)	9,862,751	--
Fund balance-ending	$ --	$ --	$ 22,732,814	$ (9,963,537)	$ 12,769,277	$ 12,769,277

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental:				
State	$ 196,000	$ 196,000	$ 263,032	$ 67,032
Interest and investment earnings	948	948	348	(600)
Total revenues	196,948	196,948	263,380	66,432
Excess (deficiency) of revenues over (under) expenditures	196,948	196,948	263,380	66,432
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(245,602)	(258,673)	(240,360)	18,313
Total other financing sources (uses)	(245,602)	(258,673)	(240,360)	18,313
Net change in fund balance	(48,654)	(61,725)	23,020	84,745
Fund balances - beginning	48,654	61,725	61,725	--
Fund balances - ending	$ --	$ --	$ 84,745	$ 84,745

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

Civic Center Fund This Enterprise Fund accounts for the operations of the Civic Center multi-purpose meeting, convention, and entertainment facility.

Parking System Fund This Enterprise Fund accounts for the operations of the City parking buildings, parking lots, and metered spaces.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 78,406	$ 1,036,785	$ 1,115,191
Receivables:			
Accounts	--	228,443	228,443
Prepaid insurance and lease	74,361	123,209	197,570
Restricted:			
Regular account	--	299,932	299,932
Revenue bond covenant accounts	325,273	298,333	623,606
Customer deposits	91,088	--	91,088
Total current assets	569,128	1,986,702	2,555,830
Noncurrent assets:			
Restricted:			
Revenue bond covenant accounts	--	1,138,895	1,138,895
Capital assets not being depreciated:			
Land	300,000	4,066,447	4,366,447
Construction in progress	50,456	770,725	821,181
Capital assets being depreciated:			
Buildings and improvements	35,919,293	28,112,607	64,031,900
Machinery and equipment	1,057,710	1,001,344	2,059,054
Less: accumulated depreciation	(24,909,002)	(21,616,969)	(46,525,971)
Total capital assets (net of accumulated depreciation)	12,418,457	12,334,154	24,752,611
Total noncurrent assets	12,418,457	13,473,049	25,891,506
Total assets	$ 12,987,585	$ 15,459,751	$ 28,447,336

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
LIABILITIES			
Current liabilities:			
Accounts payable	$ 91,022	$ 30,998	$ 122,020
Benefits payable	18,476	27,348	45,824
Payroll payable	24,971	19,502	44,473
Other accrued expenses	3,901	- -	3,901
Compensated absences payable	44,943	25,735	70,678
Customer deposits payable	49,690	3,951	53,641
Due to:			
Other funds	26,759	102,893	129,652
Accrued interest payable	68,992	25,359	94,351
Revenue bonds payable-current	300,000	995,000	1,295,000
Total current liabilities	628,754	1,230,786	1,859,540
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discount)	6,585,837	5,901,815	12,487,652
Other postemployment benefits	82,565	88,891	171,456
Total noncurrent liabilities	6,668,402	5,990,706	12,659,108
Total liabilities	7,297,156	7,221,492	14,518,648
NET ASSETS			
Invested in capital assets (net of related debt)	5,532,620	5,437,339	10,969,959
Restricted:			
Debt service	325,273	1,737,160	2,062,433
Capital projects		70,060	70,060
Unrestricted	(167,464)	993,710	826,246
Total net assets	$ 5,690,429	$ 8,238,269	$ 13,928,698

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Operating revenues:			
Sales and services to customers	$ 1,662,173	$ 3,662,633	$ 5,324,806
Rental fees	1,095,822	- -	1,095,822
Miscellaneous	- -	7,751	7,751
Total operating revenues	2,757,995	3,670,384	6,428,379
Operating expenses:			
Administrative and general	- -	1,903,752	1,903,752
Recreational	3,395,570	- -	3,395,570
Depreciation	995,971	643,092	1,639,063
Total operating expenses	4,391,541	2,546,844	6,938,385
Operating income (loss)	(1,633,546)	1,123,540	(510,006)
Nonoperating revenues (expenses):			
Investment earnings	14,341	38,501	52,842
Gain on sale of capital assets	2,506	- -	2,506
Interest and fiscal charges	(455,084)	(453,176)	(908,260)
Total nonoperating revenues (expenses)	(438,237)	(414,675)	(852,912)
Income (loss) before contributions and transfers	(2,071,783)	708,865	(1,362,918)
Capital contributions	48,387	25,226	73,613
Transfers in	2,013,410	- -	2,013,410
Transfers (out)	(99,993)	- -	(99,993)
Change in net assets	(109,979)	734,091	624,112
Total net assets - beginning	5,800,408	7,504,178	13,304,586
Total net assets - ending	$ 5,690,429	$ 8,238,269	$ 13,928,698

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 2,773,625	$ 3,628,013	$ 6,401,638
Payments to suppliers	(2,520,210)	(631,649)	(3,151,859)
Payments to employees	(1,314,156)	(1,097,584)	(2,411,740)
Net cash provided (used) by operating activities	(1,060,741)	1,898,780	838,039
Cash flows from noncapital financing activities:			
Transfers in from other funds	1,083,612	- -	1,083,612
Net cash provided (used) by noncapital financing activities	1,083,612	- -	1,083,612
Cash flows from capital and related financing activities:			
Transfers from other funds for capital debt	728,768	- -	728,768
Transfers from other funds for capital projects	101,036	- -	101,036
Capital contributions	48,387	- -	48,387
Proceeds from sale of capital assets	2,506	- -	2,506
Proceeds from insurance for damaged asset	- -	4,338	4,338
Acquisition and construction of capital assets	(202,471)	(742,218)	(944,689)
Principal paid on capital debt	(280,000)	(970,000)	(1,250,000)
Interest and fees paid on capital debt	(438,952)	(359,548)	(798,500)
Net cash provided (used) by capital and related financing activities	(40,726)	(2,067,428)	(2,108,154)
Cash flows from investing activities:			
Interest and dividends received	14,341	38,501	52,842
Net cash provided (used) by investing activities	14,341	38,501	52,842
Net increase (decrease) in cash and cash equivalents	(3,514)	(130,147)	(133,661)
Cash and cash equivalents, July 1, 2008 (including $324,007 and $1,731,930 in restricted)	407,193	2,904,092	3,311,285
Cash and cash equivalents, June 30, 2009 (including $325,273 and $1,737,160 in restricted)	$ 403,679	$ 2,773,945	$ 3,177,624

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (1,633,546)	$ 1,123,540	$ (510,006)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	995,971	643,092	1,639,063
Decrease (increase) in accounts receivable	71,230	(51,738)	19,492
Decrease (increase) in due from other funds	- -	9,056	9,056
Decrease (increase) in restricted deposits	(28,159)	- -	(28,159)
Decrease (increase) in prepaid insurance	4,343	7,091	11,434
Increase (decrease) in customer deposits	(27,440)	311	(27,129)
Increase (decrease) in accounts payable	10,090	(21,008)	(10,918)
Increase (decrease) in payroll payable	6,413	(3,347)	3,066
Increase (decrease) in other accrued expenses	(603)	- -	(603)
Increase (decrease) in due to other funds	(541,605)	102,892	(438,713)
Increase (decrease) in OPEB	82,565	88,891	171,456
Net cash provided by operations	$ (1,060,741)	$ 1,898,780	$ 838,039
Noncash investing, capital & financing activities:			
Disposal of obsolete ($4,630) and damaged $5,563) equipment	- -	10,193	10,193
Contribution of capital asset from governmental fund	- -	25,226	25,226
	$ - -	$ 35,419	$ 35,419

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
FIDUCIARY FUND FINANCIAL STATEMENTS

Pension Trust Funds These funds are accounted for in essentially the same manner as proprietary funds using the accrual basis of accounting and account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

Policemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time police employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

Firemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time fire department employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

Agency Funds These funds are accounted for using the accrual basis of accounting and are used to account for assets that the City of Charleston, West Virginia holds for others in an agency capacity.

The individual Agency Fund descriptions and financial statements begin on page 114.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2009

	Pension Trust Funds			
	Policemen's Pension and Relief	Firemen's Pension and Relief	Total Pension Trust Funds	Agency Funds
ASSETS				
Non-pooled cash	$ 10,885,047	$ 1,291,090	$ 12,176,137	$ 1,971,585
Total cash	10,885,047	1,291,090	12,176,137	1,971,585
Investments, at fair value:				
Federal government securities	--	1,749,380	1,749,380	--
Managed bond funds	--	2,033,264	2,033,264	--
Managed stock funds	--	1,950,930	1,950,930	--
Total investments	--	5,733,574	5,733,574	--
Receivables:				
Interest	--	10,542	10,542	--
Accounts receivable	3,146	--	3,146	2,484
Total receivables	3,146	10,542	13,688	2,484
Total assets	$ 10,888,193	$ 7,035,206	$ 17,923,399	$ 1,974,069
LIABILITIES				
Accounts payable	225	13,150	13,375	--
Refunds payable and other	--	--	--	1,974,069
Benefits payable	--	482,163	482,163	--
Total liabilities	225	495,313	495,538	1,974,069
NET ASSETS				
Net assets held in trust for pension benefits	$ 10,887,968	$ 6,539,893	$ 17,427,861	$ --

The notes to the financial statements are an integral part of this statement.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Pension Trust Funds		
	Policemen's Pension and Relief	Firemen's Pension and Relief	Totals
ADDITIONS			
Contributions:			
Employer	$ 1,935,577	$ 3,053,765	$ 4,989,342
Plan members	721,191	740,908	1,462,099
State of West Virginia insurance premium surtax allocations	1,700,936	1,805,070	3,506,006
Total contributions	4,357,704	5,599,743	9,957,447
Investment earnings:			
Net increase (decrease) in fair value of investments	(2,554,875)	(1,439,602)	(3,994,477)
Interest and dividends	320,760	187,726	508,486
Less: investment expense	(69,571)	(43,553)	(113,124)
Net investment income	(2,303,686)	(1,295,429)	(3,599,115)
Total additions	2,054,018	4,304,314	6,358,332
DEDUCTIONS			
Benefits	5,183,704	5,578,562	10,762,266
Administrative expenses	5,217	23,936	29,153
Refunds of contributions	69,429	- -	69,429
Total deductions	5,258,350	5,602,498	10,860,848
Change in net assets	(3,204,332)	(1,298,184)	(4,502,516)
Net assets held in trust for pension benefits:			
Beginning of year	14,092,300	7,838,077	21,930,377
End of year	$ 10,887,968	$ 6,539,893	$ 17,427,861

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charleston, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The City of Charleston is a municipal corporation governed by an elected mayor and twenty-seven member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the City, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and, (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and, (2) the ability to impose will or, (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City of Charleston.

Blended Component Unit

The entity below is legally separate from the City and meets GAAP criteria for a component unit. This entity is blended with the primary government because it provides services entirely or almost entirely to the City.

The *City of Charleston Building Commission* (the Commission) serves the City of Charleston, West Virginia, and is governed by a board comprised of five members appointed by the City Council for a term of five years each. The Building Commission acquires property and debt on behalf of the City with the approval of the government's council and the legal liability for the general obligation portion of the Commission's debt remains with the government. The Commission does not issue separate financial statements.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with generally accepted accounting principles. The discretely presented component units are presented on the government-wide statements.

The *City of Charleston Sanitary Board* serves all the citizens of the City of Charleston and is governed by a three member board comprised of the Mayor and two members of council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *City of Charleston Urban Renewal Authority* serves the City of Charleston, West Virginia, and is governed by a board comprised of members appointed by the City. The bond issuance authorizations are approved by the government's elected council. The City of Charleston Urban Renewal Authority derives its income from the leasing of developed properties.

The *City of Charleston Convention and Visitor's Bureau, Inc. (the Bureau)* was established in 1979, as a nonprofit corporation. The Bureau is governed by a board comprised of members stipulated to be no less than fifteen but no more than nineteen which consists of three permanent members (the City of Charleston Civic Center Manager, Director of Yeager Airport, and Mayor of the City of Charleston) and the remainder of the board members are appointed by the City Council. The primary purpose of the Bureau is to operate a convention and visitor's bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences and conventions. The Bureau derives most of its revenue from hotel room taxes. The City of Charleston contributes 50% of the Hotel Occupancy Taxes collected to the Bureau. If these taxes were discontinued, the Bureau's ability to continue in business would be threatened.

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e, the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, if applicable, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined into a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax Fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties.

The *Community Development Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities", which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low- and moderate income people.

The *HOME Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

The government reports the following major proprietary funds:

The *Civic Center Fund* is a large multi-purpose meeting, convention and entertainment facility. The Civic Center/Auditorium Board was created in 1953, to supervise, operate and maintain the Civic Center and the Municipal Auditorium. The Board is appointed by the Mayor with approval of City Council. This fund accounts for the receipts and expenses of the operations of this facility.

The *Parking System Fund* consists of parking buildings, parking lots and metered spaces. The City has delegated a special committee of the Council, designated as the Parking Facilities Committee composed of the Mayor and members of the finance committee of council, to promulgate rules and regulations governing the usage of all the parking facilities. This fund accounts for all receipts and expenses of operating the parking system.

Additionally, the government reports the following fund types:

The *Pension Trust Funds* account for the activities of the Public Safety Employees Retirement Systems, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the accrual basis of accounting.

The *Agency Funds* account for assets held by the City of Charleston, West Virginia for others in a custodial capacity. The two Civic Center Agency Funds account for revenues from event ticket sales, subsequently dispersed to promoters, and for State grant revenues for advertising subsequently dispersed to advertising vendors. The police agency funds account for forfeited funds and confiscated property subsequently dispersed upon court order to the appropriate party. Agency funds are accounted for using the accrual basis of accounting and do not present results of operations or have a measurement focus.

The City of Charleston, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, if applicable, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Civic Center and Parking System (enterprise funds) and the Sanitary Board, Urban Renewal Authority, and Convention and Visitor's Bureau (discretely presented component units) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City of Charleston, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with generally accepted accounting principles, the City reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have more than nine percent invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Municipal Pension Funds are governed as to type of investments by *West Virginia Code §8-22-22.* Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of: (1) Direct and general obligations of the State and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchase such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed sixty percent of the total portfolio.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e, the current portion of interfund loans) or "advances to/from other funds" (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Trade Receivables

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property Tax Receivable

The property tax receivable is equal to 75 percent of the property taxes outstanding at June 30, 2009.

All current taxes assessed on real and personal property have a levy date of the 3rd Tuesday in April of each year. The due date for the taxes is September 1st for the first half and March 1st for the second half of the year. The lien date in which the sheriff has a legal right to collect is between October 14th and November 23rd of each year. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. The City receives from the County its portion of property taxes for current, excess, and bond levies each month for the preceding month collections.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2009, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	$ -	5.75 cents	5.03 cents	1.78 cents
Class II	$ 1,163,413,136	11.50 cents	10.06 cents	3.56 cents
Class IV	$ 1,607,654,121	23.00 cents	20.12 cents	7.12 cents

The City of Charleston, West Virginia held a special election on May 6, 2007. The City was authorized to lay an excess levy to provide approximately $3,958,752 annually for four fiscal years which began fiscal year ended June 30, 2008, through June 30, 2011, for the purpose of subsidizing the payment of current governmental expenses.

3. Prepaid Items

Certain payments to vendors for liability insurance and leases reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain assets of the Civic Center and Parking System enterprise fund revenue bonds as well as certain proceeds set aside for their repayment are classified as restricted assets because their use is limited by applicable bond covenants. Certain assets of the Solid Waste, a governmental special revenue fund, are restricted for solid waste landfill closure expenditures.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "restricted cash" account is used to report resources set aside to pay for potential solid waste capital expenditures.

The "reserve for bond retirement" account is used to segregate resources accumulated for debt service payments.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Structures and improvements	40
Infrastructure	40-50
Machinery and equipment	05-10
Vehicles	03-05
Furniture	05

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Designations of fund balance represent tentative management plans that are subject to change.

9. Change in Accounting Policy

Effective July 1, 2008, the City adopted Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." As required by the standard the long-term liability and related expense have been included in the government-wide statements in governmental and business-type activities in the amount of $6,403,428 and $171,456, respectively. In addition, the Proprietary Fund statements reflect the $171,456 long-term liability and related expense. All OPEB required note disclosures have been included in the notes to the financial statements.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $92,238,827 difference are as follows:

Bonds payable:	$ (5,256,248)
Less: issuance cost (to be amortized as interest expense)	10,569
Accrued interest payable	(149,694)
Capital leases payable	(11,232,515)
Claims and judgments	(3,637,940)
Compensated absences	(1,668,146)
Net OPEB obligation	(6,403,428)
Net pension obligation	(63,901,425)
Net adjustment to decrease fund balance-total governmental funds to arrive at net assets-governmental activities	$ (92,238,827)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation expense for the current period." The details of the $664,808 difference are as follows:

Capital outlays	$ 7,946,037
Depreciation expense	(7,281,229)
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	$ 664,808

Another element of that reconciliation states that, "The issuance of long-term debt (i.e, bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this $1,574,500 difference are as follows:

Debt issued or incurred:	
Capital lease financing	$ (2,161,000)
Principle repayments:	
General obligation, revenue bonds, and capital leases	3,736,004
Increase of accrued interest expense	(504)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ 1,574,500

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $16,627,883 difference are as follows:

Compensated absences	$ 50,047
Claims and judgments	680,160
Net OPEB Obligation	(6,403,428)
Net pension obligation	(10,954,662)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ (16,627,883)

Another element of reconciliation is the difference of $25,226 in the amount of transfers between the fund level and the government-wide level. This difference is due to transfers that consisted of nonfinancial resources (capital assets) transferred from governmental funds to a proprietary fund. The governmental funds did not record the transfer because only financial resources are accounted for in a governmental fund; however, the proprietary fund recorded the transaction not as a transfer but as capital contribution revenue in the lower portion of its operating statement. Even though the transfers are not presented in the governmental funds it must be presented as transfers in the governmental activities column in the statement of activities. Consequently, the amount of transfers from the fund level to the government-wide level increased in the amount of $25,226.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Except as noted below, annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

Amount	Description
$ 3,270,301	General Government Expenditure Increase
2,032,986	Capital Projects Expenditure Increase

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The government's budget basis differs from generally accepted accounting principles in the general fund due to (1) the allocation of amounts received from the State of West Virginia for pension allocation (see note IV.H.) (2) The cost allocation of the pay as you go portion related to other post employment benefits (3) Separate reporting of capital outlay for budgetary purposes and (4) the reflection of business and occupation taxes on the cash basis for budgetary purposes.

Of these differences, only the method of recording business and occupation taxes has an effect on the fund balance per GAAP basis and budgetary basis as follows:

	Net Change in Fund Balance	Fund Balance
Budgetary Basis	$ 2,906,526	$ 12,769,277
Basis of Accounting Difference	251,355	9,963,537
GAAP Basis	$ 3,157,881	$ 22,732,814

Intergovernmental revenues - state and public safety expenditures both decreased by $3,506,006 per budget basis for the pension allocation from the State of West Virginia.

The remaining differences in the functional categories per budget and GAAP are attributed to the method in which capital outlay and the pay as you go portion of other post employment benefits are allocated in the budget.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

		Credit Risk Rating	
Primary Government	Fair Value	Standard & Poor's and Fitch	Moody's Investment Services
State Investment Management Board pool	$ 1,833,810	AAA	AAA
Repurchase Agreements-FNMA	1,004,314	Not Rated	Not Rated
U.S. Government Agency Securities	356,557	Not Rated	Aaa
Corporate Bonds-Bank America Corp	98,899	Not Rated	A1
Corporate Bonds-Cisco Systems	26,485	Not Rated	Aa2
Corporate Bonds-General Electric	98,204	Not Rated	Aaa
Corporate Bonds-General Electric Diversified	44,446		
Total Rated Securities	3,462,715		
Total Unrated Securities	725,193		
	$ 4,187,908		
Firemen's Pension and Relief			
U.S. Government Agency Securities	$ 1,749,380	AAA	Not Rated
Total Rated Securities	1,749,380		
Total Unrated Securities	3,984,194		
	$ 5,733,574		

The City's investment in the State Investment Management Board Investment Pool includes funds held at the Municipal Bond Commission (Commission) for the City's General Obligation Bond and for the Parking System and Civic Center, Proprietary Funds, revenue bond issuances. The West Virginia Legislature created this Commission to act as the fiscal agent/trustee for the bond issuances of the State and its political subdivisions. The oversight of the Commission is the State Treasurer's Office, the State Auditor's Office, and other financial professionals not associated with government. For seventy-six years, the Legislature has made a blanket appropriation annually to cover possible deficiencies that could arise in State and general obligation sinking fund accounts. Standard & Poor has recognized this annual Legislative appropriation and the Commission's management as a Credit Enhancement Program, and has awarded all West Virginia general obligation administered by the Commission a minimum rating of AA-. The City's fair value position in the pool is the same as the value of the pool shares.

Credit Risk

It's the government's policy to limit its investments as stated in the West Virginia State Code §8-13-22a and c and §8-22-22 and §8-22-22a. The specific investments allowed for municipal and pension investments are fully described with all applicable limitations in Note I.D.1. The government does not have a policy for credit risk in addition to governing statutes. As of June 30, 2009, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Interest Rate Risk

The City of Charleston has adopted the provisions of West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a (for policemen and firemen's pension plans) as it's investment policy, the specific provisions of which are more fully described in Note I.D.1. The government does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
Primary Government:					
State Investment Management Board Pool	$ 1,833,810	$ 1,833,810	$ -	$ -	$ -
Repurchase Agreements	1,004,314	1,004,314	-	-	-
U.S. Government Agencies	356,557	59,962	100,063	196,532	-
Corporate Bonds-Bank of America	98,899	-	98,899	-	-
Corporate Bonds-Cisco Systems	26,485	-	-	26,485	-
Corporate Bonds-General Electric	98,204	-	-	98,204	-
Corporate Bonds-General Electric Dive	44,446	-	-	-	44,446
Firemen's Pension & Relief Fund:					
U.S. Government Agency Securities	1,749,380	-	1,000,315	749,065	-
Totals	$ 5,212,095	$ 2,898,086	$ 1,199,277	$ 1,070,286	$ 44,446

Concentration of Credit Risk

The government has adopted the provisions contained in West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a as it's investment policy which does not allow for an investment in any one issuer that is in excess of nine percent of the government's total investment or ten percent of the pension fund total investment. Other limitations on investments are more fully described in Note I.D.1. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes.

Any investment in one issuer of five percent or greater must be disclosed in accordance with GAAP. The Firemen's Pension Fund had two common stock investments in ISHARES RS 2000 Value Index Fund and ISHARES RUSSELL MIDCAP Value Index that were five percent and six percent, respectively, of the total portfolio; and Spring Hill Cemetery had two corporate bond investments in Bank America Corporation and General Electric that were six percent and six percent, respectively, of the total portfolio and four mutual fund investments in American Funds Growth, Federated Total Return, Pimco Total Return and Vanguard Inflation-Protected that were five percent, seven percent, seven percent, and five percent, respectively, of the total portfolio at June 30, 2009.

Custodial Credit Risk

The City of Charleston's deposits with financial institutions are fully insured or collateralized by securities held in the government's name except for the Policemen's Pension & Relief Fund. Cash in the amount of $2,406,892 was uninsured and uncollateralized at June 30, 2009.

During June the Policemen's Pension & Relief Fund Board elected to change investment advisors. The actual change to the new advisor occurred in July 2009. Upon the advice of the new advisor, the Board decided to sell all securities held in trust by the end of June before transfer to the new investment firm in July. Consequently, at June 30, 2009 all securities had been sold which resulted in total realized losses for fiscal year 2009 of $3,669,223 and total realized gains of $275,731 based upon the original cost of the securities and proceeds received from the sale.

The calculation of the realized gains and losses disclosed is independent of the calculation of net appreciation (depreciation) in the financials and any unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in investment income reported for a previous year or years (as part of the reported net appreciation or depreciation for those years.)

The Policemen's Pension & Relief Fund cash in the amount of $2,840,811 was insured and collateralized at June 30, 2009. In addition, $5,637,344 held in CMA Money Funds Security Number 989996913 was fully collateralized at June 30, 2009.

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Community Development	HOME	Parking System
Receivables:				
Accounts	$ 3,894,041	$ -	$ -	$ 249,943
Accrued interest	24,528	1,913	-	-
Taxes	12,184,038	-	-	-
Loans	-	2,104,977	3,390,233	-
Grants	10,505	252,541	18,116	-
Gross receivables	16,113,112	2,359,431	3,408,349	249,943
Less: allowance for uncollectible	(1,094,764)	(526,244)	-	(21,500)
Net total receivables	$ 15,018,348	$ 1,833,187	$ 3,408,349	$ 228,443

	Nonmajor Funds and Fiduciary Funds	Total
Receivables:		
Accounts	$ 2,608,638	$ 6,752,622
Accrued interest	16,972	43,413
Taxes	133,388	12,317,426
Loans	332,129	5,827,339
Grants	389,452	670,614
Gross receivables	3,480,579	25,611,414
Less: allowance for uncollectible	(2,280,133)	(3,922,641)
Net total receivables	$ 1,200,446	$ 21,688,773

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes	$ 272,561	$ -
Prepaid License Fees and Cemetery Fees (general fund)	-	66,577
Grant drawdowns prior to meeting all eligibility requirements	-	5,265,750
Total deferred/unearned revenue for governmental funds	$ 272,561	$ 5,332,327

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 7,450,037	$ -	$ -	$ 7,450,037
Construction in progress	1,301,039	3,316,414	(2,806,946)	1,810,507
Total capital assets not being depreciated	8,751,076	3,316,414	(2,806,946)	9,260,544
Capital assets being depreciated:				
Buildings and improvements	45,433,192	1,220,104	(35,752)	46,617,544
Structures and improvements	13,358,823	19,429	-	13,378,252
Machinery and equipment	13,768,846	1,219,633	(689,177)	14,299,302
Vehicles	15,437,844	1,906,634	(1,115,461)	16,229,017
Furniture	304,217	16,931	(3,592)	317,556
Infrastructure	77,041,582	3,050,599	-	80,092,181
Total capital assets being depreciated	165,344,504	7,433,330	(1,843,982)	170,933,852
Less accumulated depreciation:				
Buildings and improvements	(14,895,395)	(1,156,525)	-	(16,051,920)
Structures and improvements	(6,168,559)	(525,079)	-	(6,693,638)
Machinery and equipment	(10,310,115)	(1,132,381)	688,437	(10,754,059)
Vehicles	(10,958,183)	(1,739,076)	1,093,715	(11,603,544)
Furniture	(232,014)	(28,521)	3,592	(256,943)
Infrastructure	(43,829,132)	(2,699,647)	-	(46,528,779)
Total accumulated depreciation	(86,393,398)	(7,281,229)	1,785,744	(91,888,883)
Total capital assets being depreciated, net	78,951,106	152,101	(58,238)	79,044,969
Governmental activities capital assets, net	$ 87,702,182	$ 3,468,515	$ (2,865,184)	$ 88,305,513

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 4,366,447	$ -	$ -	$ 4,366,447
Construction in progress	147,846	674,822	(1,487)	821,181
Total capital assets, not being depreciated	4,514,293	674,822	(1,487)	5,187,628
Capital assets being depreciated:				
Buildings and improvements	63,249,295	25,226	(10,193)	63,264,328
Structures and improvement	767,572	-	-	767,572
Machinery and equipment	1,619,530	248,022	(7,990)	1,859,562
Vehicles	176,161	23,331	-	199,492
Total capital assets being depreciated	65,812,558	296,579	(18,183)	66,090,954
Less accumulated depreciation:				
Buildings and improvements	(43,379,650)	(1,434,387)	5,854	(44,808,183)
Structures and improvements	(287,570)	(26,881)	-	(314,451)
Machinery and equipment	(1,103,418)	(151,176)	7,990	(1,246,604)
Vehicles	(130,114)	(26,619)	-	(156,733)
Total accumulated depreciation	(44,900,752)	(1,639,063)	13,844	(46,525,971)
Total capital assets being depreciated, net	20,911,806	(1,342,484)	(4,339)	19,564,983
Business-type activities capital assets, net	$ 25,426,099	$ (667,662)	$ (5,826)	$ 24,752,611

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 3,163,636
Public safety	1,636,237
Highways and streets, including depreciation of general infrastructure assets	675,558
Health and sanitation	637,193
Culture and recreation	1,114,068
Social services	54,537
Total depreciation expense-governmental activities	$ 7,281,229
Business-type activities:	
Civic Center	$ 995,971
Parking System	643,092
Total depreciation expense-business-type activities	$ 1,639,063

Construction in Progress

The government has active construction projects as of June 30, 2009. The projects include street, retaining walls, and bridge repairs, City Hall renovations and additions, recreation facilities renovations and greenspace. At year end, the amounts for governmental activities spent-to-date are as follows:

Project	Spent-to-Date	Funded
Ball Park Additions	$ 11,137	General Fund
Riverfront Project	276,168	General Fund , Federal Grants, & Contributions
Parking Garage Renovations	33,647	Parking System & Federal Grants
City Hall Renovations & Additions	93,050	General Fund
Storm Water Project	40,796	General Fund
MOECD-Sojourners' Renovations	6,428	CDBG Grants
Bridge & Retaining Walls Projects	943,672	General Fund and CDBG Grants
Feasibility Study-Civic Center	38,968	General Fund
Greenspace	366,641	General Fund , CDBG Grants & Contributions
Total	$ 1,810,507	

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Civic Center	Reimbursements Insurance	$ 26,759
	Parking System	Reimbursement Insurance	31,892
	CDBG	Reimbursement Salary & Utilities	67,742
	HOME	Reimbursement Salary & Utilities	17,316
	Nonmajor Governmental Fund	Reimbursements Salaries, loans, and transfer of fines	505,118
	Fiduciary-Agency		1,151
Nonmajor Governmental Funds	Parking System	Reimbursements for Parking System Repairs	70,999
Nonmajor Governmental Funds	General Fund	Transfer of funds/Refunds	6,651
	Total		$ 727,628

Interfund transfers:

	Transfers In			
	General Fund	Nonmajor Governmental	Civic Center	Total Transfers In
Transfers out:				
General fund	$ -	$ 3,638,093	$ 1,572,021	$ 5,210,114
Coal severance tax	-	-	240,360	240,360
Nonmajor govern-	3,650,330	-	-	3,650,330
mental funds	-	-	201,029	201,029
Civic Center	-	99,993	-	99,993
Total Transfers Out	$ 3,650,330	$ 3,738,086	$ 2,013,410	$ 9,401,826

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

On November 1, 2004, the City of Charleston entered into a Contract of Lease-Purchase with the West Virginia Economic Development Authority in the amount of $8,000,000 with average interest rate of 5.29 percent to be used to acquire, construct, renovate, equip and complete a baseball stadium complex, including renovations of an existing building for leasing to prospective tenants.

The Civic Center and Parking System prior years lease obligations have been fully satisfied as of June 30, 2009.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Civic Center	Parking System
Machinery, equipment and vehicles	$ 10,315,912	$ 28,677	$ 218,399
Less: accumulated depreciation	(7,554,922)	(28,677)	(218,399)
Total	$ 2,760,990	$ -	$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Activities
2010	$ 2,356,205
2011	2,086,764
2012	1,681,258
2013	1,280,523
2014	903,738
2015 - 2019	3,421,340
2020 - 2024	2,539,253
2025 - 2029	479,415
Total minimum lease payments	14,748,496
Less: amount representing interest	(3,515,981)
Present value of minimum lease payments	$ 11,232,515

F. Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General Obligation Bonds currently outstanding are as follows:

Governmental Activities					
Purpose	Maturity Date	Interest Rates	Issued	Retired	Balance June 30, 2009
Public Improvement Bonds					
Series 1989	2010	7.1-7.2%	$ 15,000,000	$ 13,630,000	$ 1,370,000
Total			$ 15,000,000	$ 13,630,000	$ 1,370,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2010	$ 1,370,000	$ 49,320
Total	$ 1,370,000	$ 49,320

Revenue Bonds

The City has issued bonds in prior years where the government pledged designated revenues to pay debt service. The proceeds of these bonds were used to acquire or construct assets. There were no new bond issues during the current fiscal year. The City has the following revenue bonds outstanding at June 30, 2009:

The Charleston Building Commission, a blended component unit of the City, issued the Public Safety Center Lease-Revenue Bonds Series 1999 in the amount of $1,500,000 to acquire, construct, and equip a new public safety center. The bonds are secured by a first lien on the rental payments to be paid to the Commission pursuant to the Contract of Lease - Purchase between the Commission and the City. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $1,120,000 and interest in the amount of $565,341 on the bonds when due until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $50,000 and interest in the amount of $64,525 were used to pay the debt service on these bonds.

The Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 to acquire and equip the Center. These bonds are a limited special obligation of the Commission payable solely from the revenues and receipts derived from leasing the equipment. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $2,175,000 and interest in the amount of $1,160,488 on the bonds when due until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $90,000 and interest in the amount of $131,293 were used to pay the debt service on the bonds.

The Building Commission, a blended component unit of the City, issued $1,300,000 of the City of Charleston Building Commission (West Virginia), Facilities Revenue Bonds, Series 2002 (City of Charleston Fire Station) to construct and equip a new fire station on certain real property adjoining the Orchard Manor housing complex. The bonds are secured by the fire station and an irrevocable pledge of lease payments which are required to be in sufficient amount to pay principal in the amount of $580,679 and interest in the amount of $47,100 on the bonds when due until bond maturity in 2013. During the fiscal year 2009 lease payments in the principal amount of $131,447 and interest in the amount of $26,106 were used to pay the debt service on these bonds.

Revenue Bonds - Business-type Activities

The City of Charleston Parking System issued $11,365,000 in revenue bonds to current-refund $11,950,000 of 1993, 1994 A&B, and 1995 A Series Bonds. The bonds were refunded, defeased, paid and discharged in accordance with the bond ordinance and the liability removed from the Parking System Statement of Net Assets. The 2005 A and B Refunding bonds are secured solely by the net revenues of the Parking System as described in the ordinance-gross revenues less operating expense. Remaining revenue pledged is equal to the outstanding principal amount of $1,290,000 and interest in the amount of $129,955 until bond maturity in 2013 and outstanding principal amount of $6,190,000 and interest in the amount of $1,203,420 until bond maturity in 2016. During the fiscal year 2009, Parking System net revenues in the principal amount of $970,000 and interest in the amount of $356,450 were used to pay the debt service which was 73% of net revenues.

The City of Charleston, WV Civic Center Improvement Bonds, Series 1998 in the amount of $3,635,000 were issued for the purpose of acquiring, equipping and making improvements to the Charleston Civic Center secured by revenues pledged from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the outstanding debt in the principal amount of $2,655,000 and interest in the amount of $1,204,225 until bond maturity in 2023. During the fiscal year 2009 these pledged revenues in the principal amount of $120,000 and interest amount of $139,650 were used to pay the debt service on these bonds which is eight percent of the specified revenues.

The Civic Center Improvement Bonds, Series 1999, in the amount of $4,060,000 were issued to construct additions, betterments, and improvements to the Civic Center secured by pledged revenues from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the principal amount of $3,240,000 and interest amount of $1,993,498 until bond maturity in 2024. During the fiscal year 2009 these pledged revenues were used to pay the principal amount of $115,000 and interest amount of $214,073 on these bonds which is ten percent of the specified revenues.

The Charleston Building Commission Civic Center Lease Revenue Bonds, Series 1999 issued in the amount of $1,610,000 for the acquisition, construction, and new equipment installed at the Civic Center payable solely from revenues to be derived from lease payments to the Commission. These irrevocable pledge of lease payments which are required to be sufficient in amount to pay principal of $1,275,000 and interest of $781,866 until bond maturity in 2024. During the fiscal year 2009 lease payments in the principal amount of $45,000 and interest amount of $83,986 were used to pay the debt service on these bonds.

Revenue bonds outstanding, net of unamortized issuance costs of $877,917 (Fire Station $10,569; Parking System $583,185, and Civic Center of $284,163) at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2009
Governmental activities:					
Public Safety Center Series 1999	2024	5.00-5.70%	$ 1,500,000	$ 380,000	$ 1,120,000
Charleston Building Commission 1999	2024	5.30-5.95%	2,895,000	720,000	2,175,000
Fire Station Series 2002B	2013	3.81%	1,300,000	719,321	580,679
Total governmental activities			$ 5,695,000	$ 1,819,321	$ 3,875,679
Business-type activities:					
Parking System Refunding Series 2005A	2016	2.50-4.50%	$ 8,710,000	$ 3,017,196	$ 5,692,804
Parking System Refunding Series 2005B	2013	3.00-4.40%	2,655,000	1,450,989	1,204,011
Civic Center Improvement Series 1998	2023	4.60-5.10%	3,635,000	1,057,989	2,577,011
Civic Center Improvement Series 1999	2024	4.51-6.71%	4,060,000	953,895	3,106,105
Civic Center Lease Revenue Series 1999	2024	5.20-6.70%	1,610,000	407,279	1,202,721
Total revenue bonds			$ 20,670,000	$ 6,887,348	$ 13,782,652

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	$ 281,767	$ 209,334	$ 1,179,709	$ 742,110
2011	297,027	196,539	1,219,709	685,528
2012	307,490	183,026	1,274,709	626,109
2013	324,395	165,165	1,155,442	561,990
2014	180,000	154,781	1,447,640	501,891
2015 - 2019	1,075,000	606,249	4,257,590	1,542,326
2020 - 2024	1,410,000	257,815	2,819,504	638,438
2025 - 2029	-	-	428,349	14,572
Totals	$ 3,875,679	$ 1,772,909	$ 13,782,652	$ 5,312,964

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds payable	$ 2,645,000	$ -	$ (1,275,000)	$ 1,370,000	$ 1,370,000
Revenue Bonds	4,160,337	-	(274,089)	3,886,248	281,767
Less: deferred amounts:					
Issuance costs	(13,211)	-	2,642	(10,569)	-
Total bonds payable	6,792,126	-	(1,546,447)	5,245,679	1,651,767
Capital leases	11,261,072	2,161,000	(2,189,557)	11,232,515	1,852,554
Net OPEB obligation	-	6,403,428	-	6,403,428	-
Net pension obligation	52,946,763	10,954,662	-	63,901,425	-
Claims and judgments	4,318,101	3,637,940	(4,318,101)	3,637,940	3,637,940
Compensated absences	1,718,193	1,668,146	(1,718,193)	1,668,146	1,668,146
Governmental activities Long-term liabilities	$ 77,036,255	$ 24,825,176	$ (9,772,298)	$ 92,089,133	$ 8,810,407

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 15,900,000	$ -	$ (1,250,000)	$ 14,650,000	$ 1,295,000
Less: deferred amounts:					
Issuance costs	(982,639)	-	115,291	(867,348)	-
Total bonds payable	14,917,361	-	(1,134,709)	13,782,652	1,295,000
Net OPEB obligation	-	171,456	-	171,456	-
Compensated absences	76,303	70,678	(76,303)	70,678	70,678
Business-type activities Long-term liabilities	$ 14,993,664	$ 242,134	$ (1,211,012)	$ 14,024,786	$ 1,365,678

For the governmental activities, the General Fund has been used to liquidate other long-term liabilities.

Conduit Debt

The City of Charleston, in accordance with Bill No. 7370 approved by Council on December 15, 2008, has issued its Multifamily Housing Revenue Bonds (Littlepage Terrace Apartment Project), Series 2008A, and Multi-Family Housing Revenue Bond (Washington Manor Apartment Project), Series 2008B in the aggregate amount of $11,495,000, variable rate yield, final maturity April 1, 2048 for the express purpose of providing capital financing for a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the City of Charleston, however, the City is not responsible for the payment of the original debt but rather the debt is secured only by the cash payments agreed to be paid by the nongovernmental entity under the terms of the mortgage.

These bonds are a portion of the Mixed-Finance Proposal submitted by Charleston Replacement Housing #3 (Project) on April 22, 2009 to the Department of Housing and Urban Development (HUD). The submission, together with supplemental document submissions, satisfied the requirements in 24 CFR 941, subpart F, and was approved by HUD. Charleston Replacement Housing #3 will construct 96 affordable housing units, including 51 public housing units and 45 project-based Section 8 units which shall be rented to income-eligible residents. One-hundred percent of the units will qualify for federal low-income housing tax credits as provided for in Section 42 of the IRS Code of 1986.

The development costs totaling approximately $18,311,767 will be funded by several sources, one of which is the proceeds from the multifamily housing revenue bonds, of which a portion will be purchased by Chase Bank (the "Series CB Bonds") and a portion which will be purchased by the Authority using the proceeds of a Fannie Mae Modernization Express Loan (the "Series FM Bonds") made available as a result of CFFP financing. The proceeds of the Series CB Bonds will be used to a make a construction loan of $5,789,779, which, at conversion, will be reduced to a $1,295,000 permanent loan (the "First Priority Loan"). Proceeds of the Series FM Bonds will be used by the Authority to make a loan in the amount of $5,397,820 (the "Second Priority Loan") to the Partnership which will carry a 6.75% interest rate until conversion then a 1.25% interest rate during the forty year term.

On June 17, 2009, the Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission University Facilities Revenue Bonds (The University of Charleston, Inc.) Series 2009 in the principal amount of $22,000,000 for the purpose of financing the costs of designing, acquiring, constructing and equipping an approximately 150-bed student housing facility upon the University of Charleston campus and designing, acquiring and constructing an approximately 525-space motor vehicle parking facility upon the University of Charleston campus. This debt was issued for the express purpose of providing financing to a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the Charleston Building Commission, however, the Commission is not responsible for the payment of the original debt but rather the debt is secured by payments to be paid by the nongovernmental entity.

G. Restricted Assets

The balances of the restricted asset accounts for the primary government are as follows:

	Governmental Activities	Business-type Activities
Customer deposits	$ -	$ 91,088
Cash - contractual agreement	2,024,453	-
Capital lease debt service	200,176	-
General obligation bond debt service account	96,309	-
Revenue bond operations and maintenance account		299,932
Revenue bond debt service account	19,021	623,606
Revenue bond reserve account	-	1,138,895
Total restricted assets	$ 2,339,959	$ 2,153,521

H. Benefits Funded by the State of West Virginia

For the year ended June 30, 2009, the State of West Virginia contributed estimated payments on behalf of the government's public safety employees in accordance with West Virginia State Code §33-3-14d. These contributions are funded by State collections of insurance premium tax and are shown in the General Fund (Employer) Statement of Revenues, Expenditures, and Changes in Fund Balance as Intergovernmental-State revenues and as Public Safety Expenditures for the contribution to the Police and Fire Pension Funds in accordance with GAAP. The State contributions were deposited directly into the Policemen's and Firemen's Pension Funds as follows:

Plan	Amount
Policemen's Pension and Relief Fund	$ 1,700,936
Firemen's Pension and Relief Fund	1,805,070
Total	$ 3,506,006

I. Prior Period Adjustment

Beginning net assets for the governmental activities were restated for a correction of accrued bond and lease interest at June 30, 2008. Beginning unrestricted net assets changed to ($39,331,088) with total net assets equal to $45,031,088 from the previously reported unrestricted net assets of ($40,056,384) and total net assets of $44,306,064. The net effect of the restatement is a $725,296 increase to beginning net assets.

V. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Commercial Insurance Services for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the State. Other private insurance companies may begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2010. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments include an amount for claims that have been incurred but not reported (IBNRs). An excess coverage insurance policy covers individual claims in excess of $300,000 for liability retention and loss and $500,000 for workers' comp retention-all employees. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 6/30/2009	Year Ended 6/30/2008
Unpaid claims, beginning of fiscal year	$ 4,318,101	$ 4,801,056
Incurred claims (including IBNRs)	3,637,940	4,318,101
Claims paid	(4,318,101)	(4,801,056)
Unpaid claims, end of fiscal year	$ 3,637,940	$ 4,318,101

The government is the owner and permit holder for the City of Charleston's landfill. In accordance with the provisions of an Operating Agreement between the government and contractor dated February 15, 1994, the government maintains a contingency fund for the closure/post closure costs for the landfill in the event of default by contractor.

B. Subsequent Events

In October and November 2009 the City Council authorized the refunding of the Civic Center Improvement Bonds, Series 1999, of the City of Charleston, in the amount not to exceed $3,500,000, the Charleston Building Commission Civic Center Lease-Revenue Bonds, Series 1999, in the principal amount outstanding of $1,275,000, and the Charleston Building Commission Public Safety Center Lease-Revenue Bonds, Series 1999, in the principal amount outstanding of $1,120,000. It has been determined the City may now refund the bonds at a savings.

C. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

D. Deferred Compensation Plan

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

E. Joint Venture

The Kanawha-Charleston Board of Health is a multi-government arrangement which qualifies as a joint venture. An annual contract is signed between the Board, Kanawha County and the City of Charleston. The Kanawha-Charleston Board of Health is a separate and specific activity which is jointly controlled by the County and City due to their shared responsibility for appointment of the five-member Board. In addition, there is an ongoing financial responsibility for the participating governments pursuant to Article 2, Chapter 16, Paragraph 14 of the Code of West Virginia which states in part "the appointing authorities for local boards of health shall provide financial support for the operation of the local health department." It further authorizes the county or municipality to appropriate and spend money from the general funds for public health purposes and to pay the expenses of the operation of the local board of health services and facilities. There is no ongoing financial interest for the participating governments. Complete financial statements for the Kanawha-Charleston Board of Health can be obtained at the entity's administrative offices.

F. Donor-Restricted Endowment

The City of Charleston was a recipient of a donor-restricted endowment for the Spring Hill Cemetery. The corpus of the trust is non-expendable and only the income earned from the trust may be spent for the general care and maintenance of the cemetery. The government's council at its regular meeting held on November 16, 1970, adopted a resolution authorizing the creation of Spring Hill, Inc. and charged the corporation with the management of funds it might receive for the perpetual care of Spring Hill Cemetery. The corporation qualified as a tax-exempt organization under Section 501(c)(13) of the Internal Revenue Code of 1954. The unspent endowment earnings of $606,658 since the inception may be spent for the general maintenance of the cemetery. This amount is reported in the government's net assets as restricted for perpetual care-expendable.

G. Postemployment Healthcare Plan

Effective July 1, 2008, the City of Charleston adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In Addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses in the governmental and business-type activities of $6,403,428 and $171,456, respectively, resulting from the adoption.

V:G.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Charleston's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund. The City maintains a single employer self-insured defined benefit health plan including dental and vision administered by Wells Fargo, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the City Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Civic Center Revenue Fund and Parking System Revenue Fund.

Non-uniform employees are eligible to receive retiree health care coverage at the earlier of age 55 with 25 years of service; or age 60 with 5 years of service.

Police and fire uniform employees are eligible to receive retiree health care coverage at the earlier of age 50 with 20 years of service or age 65.

Upon the death of the retiree or active employee, the surviving spouse may continue coverage by paying the full COBRA rate.

The City subsidizes retiree health care coverage for lifetime. The City's subsidy depends on the hire date. Retirees receive free coverage if they are eligible for sick leave benefits at retirement. Once the sick leave benefits end, retirees are responsible for the portion of the premium rate not subsidized by the City. For 2008/2009 the monthly retiree contribution for non-tobacco users is as follows:

	Under 65		Over 65	
Date of Hire	Single	2-Person	Single	2-Person
Before July 1984				
Non-uniform	$ 170	$ 270	$ 81	$ 57
Uniform	$ 150	$ 221	$ 88	$ 57
July 1, 1984-July 1, 1989	$ 170	$ 270	$ 128	$ 207
July 1, 1989-July 1, 1994	$ 183	$ 289	$ 137	$ 224
July 1, 1994-July 1, 2000	$ 193	$ 308	$ 146	$ 224

The City does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 45 purposes it was assumed that these rates remain level in future years.

Employees hired after July 1, 2000 are required to contribute a) the COBRA rate less b) a 2.0% credit for every year of service (limited to 50%).

Retiree contributions for tobacco users are 115% of the non-tobacco rate.

Active employees can roll over unlimited number of unused sick leave annually which upon retirement can be converted to free health care coverage at two days of unused sick leave for one month of single coverage or three days for one month family coverage.

The same benefit options are available to retirees as active employees. There is no prescription drug coverage for post-medicare retirees.

The 2009 monthly COBRA rates are $551 for single and $1,101 for two-person under 65 years of age and $331 for single and $1,059 for two-person over 65 years of age.

The number of participants as of July 1, 2008, the effective date of the biennial OPEB valuation were 759 active employees and 418 retired employees.

Employees who retire under the WV Public Employees Retirement System have the option of maintaining the City's OPEB plan or electing P.E.I.A insurance. To date only a few retirees have chosen the P.E.I.A. insurance coverage.

The City's current funding policy for postemployment health care benefits is on a pay-as-you-go basis.

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City. However, employees who elect COBRA are covered under the City's self-insured health plan as are all active employees and those retired employees who maintain City health plan coverage.

V:G.2 Annual Other Post Employment Benefit (OPEB) Cost

The City's annual OPEB cost is calculated on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB 45. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of 30 years. As of July 1, 2008, the most recent actuarial valuation date, the Plan was not funded. The following tables illustrate the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, changes in the net OPEB obligation, funding progress, and the covered payroll and the ratio of the UAAL to the covered payroll.

The City's annual other post employment benefit cost is as follows:

	OPEB		
	Governmental Activities	Business-type Activities	Total
Annual required contribution	$ 9,356,680	$ 276,361	$ 9,633,041
Interest on net OPEB obligation	--	--	--
Adjustment to annual required contribution	--	--	--
Annual OPEB cost	9,356,680	276,361	9,633,041
Contributions made	(2,953,252)	(104,905)	(3,058,157)
Increase in net OPEB obligation	6,403,428	171,456	6,574,884
Net OPEB obligation at beginning of the year	--	--	--
Net OPEB obligation at the end of the year	$ 6,403,428	$ 171,456	$ 6,574,884

V.G.3. Trend Information

Other Post Employment Benefits (OPEB)

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	$ 9,633,041	31%	$ 6,574,884

V.G.4. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ --	$ 129,751,934	$ 129,751,934	0.0%	$ 29,873,284	434%

Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, information provided does not reflect similar information respective of the two preceding years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend rate. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the City maintains no Plan assets, information relative to Plan assets required disclosures is not applicable. Additionally, because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI does not reflect similar information respective of the two preceding years.

V:G.5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of pay based on an open group.

In the July 1, 2008 actuarial valuation, the liabilities were computed using the projected unit credit method on a level percentage of pay amortization. The actuarial assumptions utilized a 5% discount rate and 4% projected salary increases per year. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 5% rate. The valuation assumes a 10% healthcare trend increase for the fiscal year 2009, reduced by decrements to a rate of 4.5% in fiscal year 2017, and later.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI:A.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2007.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2008.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's boards. The boards have the valuations performed every two years in accordance with GAAP. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and IV.A.

The Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF) recognizes benefits and refunds when due and payable in accordance with the terms of the plans.

Memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	184	191	375
Vested Terminated Benefits	2	3	5
Retirees and Beneficiaries Currently Receiving Benefits	202	221	423
Total	388	415	803

These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

	PPRF	FPRF
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than thirty years in accordance with West Virginia State Code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the City to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by West Virginia State Code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The City of Charleston contributes 108% of the prior year's contributions for both the police and fire pension plans.	
Plan Members	8% of covered payroll	8% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	

Provisions for:	PPRF	FPRF
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

Annual Required Contributions and Significant Actuarial Assumptions

The actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Valuation Date	7/1/2007	7/1/2008
Actuarial Cost Method	Entry age normal-Closed Group	Entry Age Normal-Closed Group
Amortization Method	Level with a 24-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Amortization Period	Level with a 24-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.0% per year, net of expenses	7.0% per year, net of expenses
Projected Salary Increases	4% per year	4% per year
Post-Retirement Benefit Increases	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).

VI.A.2. Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the PPRF and FPRF are shown in the trend information provided in VI.A.4. The annual required contributions were not made by both the PPRF or FPRF. The net pension obligation is listed in VI.A.3.

Benefits, Refund, and Administrative Costs

Benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed with revenues from contributions and investment earnings.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

VI:A.3 Annual Pension Cost and Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation for the Policemen's and Firemen's Pension and Relief funds are as follows:

	PPRF	FPRF
Annual required contribution	$ 7,664,881	$ 7,919,675
Interest on short-term	1,979,653	1,726,620
Adjustment to annual required contribution	(1,787,659)	(1,559,166)
Annual pension cost	7,856,875	8,087,129
Contributions made	(1,935,577)	(3,053,765)
Increase in net pension obligation	5,921,298	5,033,364
Net pension obligation at beginning of the year	28,280,762	24,666,001
Net pension obligation at the end of the year	$ 34,202,060	$ 29,699,365

VI.A.4. Trend Information

Policemen's Pension and Relief Fund (PPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	$ 7,664,881	23%	$ 34,202,060
2008	$ 7,414,233	24%	$ 28,280,762
2007	$ 4,438,134	37%	$ 22,658,730
2006	$ 3,830,559	40%	$ 19,880,042
2005	$ 4,046,054	36%	$ 17,600,365
2004	$ 3,995,277	34%	$ 15,003,734
2003	$ 3,490,259	36%	$ 12,363,057

Firemen's Pension and Relief Fund (FPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	$ 7,919,675	39%	$ 29,699,365
2008	$ 8,421,080	34%	$ 24,666,001
2007	$ 7,516,226	35%	$ 19,072,481
2006	$ 4,157,681	59%	$ 14,174,365
2005	$ 4,115,289	56%	$ 12,463,517
2004	$ 4,075,783	52%	$ 10,634,988
2003	$ 4,028,690	50%	$ 8,696,363

VI.A.5. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/07	$ 15,582,123	$ 95,751,500	$ 80,169,377	16.27%	$ 8,666,547	925%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ 7,838,077	$ 96,724,077	$ 88,886,000	8.10%	$ 8,959,494	992%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates the actuarial value of the plan assets is (increasing 38% for the PPRF and increasing 19% for the FPRF) over time relative to the actuarial accrued liability for both pension plans (is increasing 46% for the PPRF and increasing 36% for the FPRF) over time relative to the actuarial accrued liability.

Separate audited financial statements for the defined pension plans for public safety employees are not available.

VI.B.1 Plan Descriptions, Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The City of Charleston, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general City employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

	Public Employees' Retirement System (PERS)
Eligibility to participate:	All City full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions:	State Statute
Plan member's contribution rate:	4.50%
City's contribution rate:	11.00%
Period required to vest:	Five Years

Benefits and eligibility for distribution:	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

VI.B.2. Trend Information

Public Employees Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2009	$ 1,675,990	100%
2008	1,600,134	100%
2007	1,522,933	100%
2006	1,408,585	100%
2005	1,367,748	100%
2004	1,113,501	100%
2003	1,089,353	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue. S.E., Charleston, WV 25304.

I. SCHEDULES OF FUNDING PROGRESS

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/97	$ 11,329,860	$ 65,658,421	$ 54,328,561	17.26%	$ 6,430,212	845%
7/1/99	13,183,185	68,856,200	55,673,015	19.15%	6,545,780	851%
7/1/01	14,436,077	76,015,300	61,579,223	18.99%	6,606,800	932%
7/1/03	13,955,874	86,255,000	72,299,126	16.18%	6,916,700	1045%
7/1/05	14,028,062	90,598,400	76,570,338	15.00%	7,901,100	969%
7/1/07	15,582,123	95,751,500	80,169,377	16.27%	8,666,547	925%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/98	$ 6,613,424	$ 71,358,728	$ 64,745,304	9.27%	$ 7,063,357	917%
7/1/00	6,492,763	68,627,600	62,134,837	9.46%	7,140,380	870%
7/1/02	6,281,501	79,213,700	72,932,199	7.93%	7,674,090	950%
7/1/04	6,427,687	87,142,700	80,715,013	7.38%	7,818,820	1032%
7/1/06	7,121,731	97,573,128	90,451,397	7.30%	8,589,398	1053%
7/1/08	7,838,077	96,724,077	88,886,000	8.10%	8,959,494	992%

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/08	$ --	$ 129,751,934	$ 129,751,934	0.00%	$ 29,873,284	434%

Note to Required Supplementary Information-Other Post Employment Benefits:
Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the two preceding years for Other Postemployment Benefits.

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND TYPES - NONMAJOR

Special Revenue Funds are used to account for the receipt and use of specific revenues that are legally restricted by ordinance or grant agreements for specific purposes.

Debt Service Funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs, for the benefit of the City or its citizens.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,963,460	$ 4,397,938	$ 3,689,446	$ 142,600	$ 11,193,444
Investments	--	--	--	1,349,784	1,349,784
Receivables:					
Taxes	--	--	100,041	--	100,041
Accounts	411,286	--	--	--	411,286
Grants	389,452	--	--	--	389,452
Loans	277,065	--	--	--	277,065
Accrued interest	100	--	--	6,330	6,430
Due from:					
Other funds	1,749	70,999	--	5,942	78,690
Component units	30,963	--	--	--	30,963
Restricted cash	2,024,453	--	115,330	--	2,139,783
Total assets	$ 6,098,528	$ 4,468,937	$ 3,904,817	$ 1,504,656	$ 15,976,938
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	193,641	527,710	--	--	721,351
Due to:					
Other funds	505,118	--	--	--	505,118
Deferred revenue:					
Unearned revenue	336,123	--	--	--	336,123
Taxes	--	--	40,719	--	40,719
Total liabilities	1,034,882	527,710	40,719	--	1,603,311
Fund balances:					
Reserved for:					
Perpetual care	--	--	--	1,504,656	1,504,656
Debt service	--	--	3,864,098	--	3,864,098
Community development	2,375,677	--	--	--	2,375,677
Capital projects	--	3,941,227	--	--	3,941,227
Public safety	364,219	--	--	--	364,219
Unreserved	2,323,750	--	--	--	2,323,750
Total fund balances	5,063,646	3,941,227	3,864,098	1,504,656	14,373,627
Total liabilities and fund balances	$ 6,098,528	$ 4,468,937	$ 3,904,817	$ 1,504,656	$ 15,976,938

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	$ --	$ --	$ 1,553,256	$ --	$ 1,553,256
Intergovernmental:					
Federal	1,717,087	--	--	--	1,717,087
Charges for services	4,082,710	33,678	--	--	4,116,388
Fines and forfeits	1,189,702	--	--	--	1,189,702
Interest and investment earnings	63,749	50,710	54,856	(63,019)	106,296
Reimbursements	--	50,441	--	--	50,441
Contributions and donations	3,910	9,419	--	982	14,311
Miscellaneous	9,403	--	--	--	9,403
Total revenues	7,066,561	144,248	1,608,112	(62,037)	8,756,884
EXPENDITURES					
Current:					
General government	338,406	--	--	--	338,406
Public safety	1,318,152	--	--	--	1,318,152
Streets and transportation	1,761	--	--	--	1,761
Health and sanitation	1,136,104	--	--	--	1,136,104
Social services	--	--	--	32,448	32,448
Economic development	644,200	--	--	--	644,200
Debt service:					
Principal	--	--	1,415,000	--	1,415,000
Interest	--	--	349,162	--	349,162
Capital outlay:					
Streets and transportation	--	3,269,518	--	--	3,269,518
Total expenditures	3,438,623	3,269,518	1,764,162	32,448	8,504,751
Excess (deficiency) of revenues over (under) expenditures	3,627,938	(3,125,270)	(156,050)	(94,485)	252,133
OTHER FINANCING SOURCES (USES)					
Transfers in	563,547	2,779,993	359,893	34,653	3,738,086
Transfers (out)	(3,481,120)	(370,238)	--	--	(3,851,358)
Refund to federal government	(9,872)	--	--	--	(9,872)
Total other financing sources (uses)	(2,927,445)	2,409,755	359,893	34,653	(123,144)
Net change in fund balances	700,493	(715,515)	203,843	(59,832)	128,989
Fund balances - beginning	4,363,153	4,656,742	3,660,255	1,564,488	14,244,638
Fund balances - ending	$ 5,063,646	$ 3,941,227	$ 3,864,098	$ 1,504,656	$ 14,373,627

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS

Nonmajor Funds

Asset Forfeiture and Reimbursement Fund This fund is used to account for monies seized by Charleston Police department or Drug Unit and have been ordered released or forfeited by a court of law.

Byrne Justice Assistance Grant Fund This fund was established to account for grants received from the U.S. Department of Justice passed through from the West Virginia Department of Criminal Justice Services to encourage arrest policies and enforcement of protection orders.

Charleston Land Trust Commission Fund This fund was established to account for donations or other funding to acquire, maintain, improve, and preserve public trust lands.

Community Development Recovery Program This fund was established to account for grants received from the American Recovery and Reinvestment Act of 2009. The Recovery Act appropriated CDBG funding to carry out, on an expedited basis, eligible activities under the CDBG program. Except as described in the notice, the statutory and regulatory provisions governing the CDBG program apply to this program. These grant funds, except for administrative costs, have been allocated to the Engineering Department for replacement of curbs, sidewalks, concrete streets, and asphalt streets in CD eligible areas of Charleston.

COPS Meth Grant Fund This fund was established to account for grants received from the Department of Justice for meth enforcement overtime, purchase meth lab investigation supplies (haz-mat suits, evidence collection tubes, etc.) and materials and supplies such as computers, first aid kits and travel training.

DOT Federal Grant Fund This fund was established to account for federal grant revenues from the Department of Transportation for capital improvements.

Employee Health Insurance Fund This fund was established to maintain funds reserved for health insurance benefits.

EPA Brownfields Grant Fund This fund is used to account for federal grant revenues received from the U.S. Environmental Protection Agency for a three-year period to inventory sites either perceived to be contaminated or actually contaminated with petroleum. The funds will be used to pay a consultant who will work with the technical aspects of the project and to purchase supplies needed for public meetings and creating a reuse plan for sites that may be re-developed.

FEMA-WV Flood Mitigation Fund This fund was established to account for federal grants received from U.S. Federal Emergency Management Agency passed through the WV Office of Emergency Services for City flood disaster relief area improvements and repairs.

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS (Continued)

Homeland Security Grant Fund This fund was established to account for federal grants received from U.S. Department of Homeland Security passed through the WV Office of Emergency Services primarily for salary reimbursements for police officers and other public safety costs.

Homeless Prevention & Rapid Re-Housing Fund This fund was established to account for grant funds received from the American Recovery and Investment Act of 2009. The program intent is to focus on housing stabilization, provide temporary financial assistance and/or services to help persons gain housing stability, to serve persons who are homeless or would be homeless if not for this assistance and to serve persons who can remain stably housed after this temporary assistance ends. All of these funds, except for three percent administrative costs, have been allocated to the Kanawha Valley Collective (KVC) to carry out the activities described above.

Human Rights Fund This fund is a cooperative agreement with HUD for the Fair Housing Assistance Program (FHAP) within the City.

Metro Loan Fund This fund was established to account for funds received from the State for small business loans. Loans are no longer given, however, collection of payments on prior loans are accounted for.

Municipal Beautification Fund This fund was established to account for revenues received from fee charges for clean up of properties within the City and for donations received to be used for beautification of the City.

Municipal Court Fund This fund accounts for monies received for fines and forfeitures.

Municipal Stabilization Fund This fund was established by City Council in accordance with State legislative requirements to account for funds to be maintained as a "rainy day" contingency.

Police & Fire Donations Fund This fund was established to receive private contributions to be utilized for police and fire operations.

Police Grants Fund This fund was established to account for federal grants received from the U.S. Department of Justice to encourage arrest policies and enforcement of protection orders.

Rental Rehabilitation Fund This fund was established to account for loan payments collected from housing rehabilitation clients to MOECD. The rehab program no longer exists, however, this fund still accounts for payments received from loans originating several years ago.

Sister Cities Fund This fund was established to account for revenues expended for the sister cites program.

Solid Waste Fund This fund accounts for the revenues collected from refuse fees and royalties from the contracted landfill operations. This fund also reserves monies for contingency post fund closure landfill cost.

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS (Continued)

Special Demolition Fund This fund accounts for monies to be used for demolition of buildings as necessary within the City.

Supportive Housing Fund This fund accounts for Supporting Housing Grants received to pay salaries for supportive service coordinators and other direct expenses for five shelters.

Wayfinding Commission Fund This fund accounts for funds used for purchase and distribution of signs pointing to specific destinations, sights, and tourist information spots throughout the City. In addition, the Commission has banner programs for community neighborhoods and events.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
ASSETS					
Cash and cash equivalents	$ 274,911	$ 137,587	$ 40,678	$ --	$ 10,524
Receivables:					
Accounts	--	4	--	--	--
Grants	--	--	--	1,634	617
Loans	--	--	--	--	--
Interest	--	--	--	--	--
Due from:					
Other funds	1,039	--	--	--	--
Component units	--	--	--	--	--
Restricted cash	--	--	--	--	--
Total assets	$ 275,950	$ 137,591	$ 40,678	$ 1,634	$ 11,141
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	--	2,405	--	--	3,785
Due to:					
Other funds	--	717	--	1,634	1,069
Deferred revenue:					
Unearned revenue	--	134,469	--	--	6,287
Total liabilities	--	137,591	--	1,634	11,141
Fund balances:					
Reserved for:					
Community development	--	--	40,678	--	--
Public safety	275,950	--	--	--	--
Unreserved	--	--	--	--	--
Total fund balances	275,950	--	40,678	--	--
Total liabilities and fund balances	$ 275,950	$ 137,591	$ 40,678	$ 1,634	$ 11,141

DOT Federal Grant	Employee Health Insurance	EPA Brownfields Grant	FEMA -WV Flood Mitigation	Homeland Security Grant	Homeless Prevention & Rapid Re-Housing	Human Rights
$ --	$ 1,645,639	$ --	$ --	$ 1,408	$ --	$ 212,746
--	--	--	--	--	--	--
216,824	--	14,411	--	--	4,025	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 216,824	$ 1,645,639	$ 14,411	$ --	$ 1,408	$ 4,025	$ 212,746
--	--	14,411	--	1,408	--	1,159
216,824	--	--	--	--	4,025	--
--	--	--	--	--	--	195,367
216,824	--	14,411	--	1,408	4,025	196,526
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	1,645,639	--	--	--	--	16,220
--	1,645,639	--	--	--	--	16,220
$ 216,824	$ 1,645,639	$ 14,411	$ --	$ 1,408	$ 4,025	$ 212,746

Metro Loan	Municipal Beautification	Municipal Court	Municipal Stabilization	Police & Fire Donations	Police Grants	Rental Rehabilitation
$ 6,487	$ 30,558	$ 217,876	$ 114,040	$ 53,099	$ 76,229	$ --
--	--	91,424	--	--	--	--
--	--	--	--	--	133,025	--
111,874	--	--	--	--	--	165,191
58	--	--	--	--	--	42
--	--	--	--	--	710	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 118,419	$ 30,558	$ 309,300	$ 114,040	$ 53,099	$ 209,964	$ 165,233
--	--	66,467	--	1,000	31,456	--
--	--	137,903	--	698	141,640	--
--	--	--	--	--	--	--
--	--	204,370	--	1,698	173,096	--
118,419	--	--	--	--	--	165,233
--	--	--	--	51,401	36,868	--
--	30,558	104,930	114,040	--	--	--
118,419	30,558	104,930	114,040	51,401	36,868	165,233
$ 118,419	$ 30,558	$ 309,300	$ 114,040	$ 53,099	$ 209,964	$ 165,233

Sister Cities	Solid Waste	Special Demolition	Supportive Housing	Wayfinding Commission	Total Nonmajor Special Revenue Funds
$ 1,273	$ 80,484	$ 33,027	$ --	$ 26,894	$ 2,963,460
--	319,858	--	--	--	411,286
--	--	--	18,916	--	389,452
--	--	--	--	--	277,065
--	--	--	--	--	100
--	--	--	--	--	1,749
--	30,963	--	--	--	30,963
--	2,024,453	--	--	--	2,024,453
$ 1,273	$ 2,455,758	$ 33,027	$ 18,916	$ 26,894	$ 6,098,528
--	53,242	--	18,308	--	193,641
--	--	--	608	--	505,118
--	--	--	--	--	336,123
--	53,242	--	18,916	--	1,034,882
--	2,024,453	--	--	26,894	2,375,677
--	--	--	--	--	364,219
1,273	378,063	33,027	--	--	2,323,750
1,273	2,402,516	33,027	--	26,894	5,063,646
$ 1,273	$ 2,455,758	$ 33,027	$ 18,916	$ 26,894	$ 6,098,528

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
REVENUES					
Intergovernmental:					
Federal	$ --	$ 84,998	$ --	$ 1,634	$ 324,578
Charges for services	--	--	--	--	--
Fines and forfeits	266,358	--	--	--	--
Interest and investment earnings	1,380	2,244	252	--	--
Contributions and donations	--	--	500	--	--
Miscellaneous	--	--	--	--	--
Total revenues	267,738	87,242	752	1,634	324,578
EXPENDITURES					
Current:					
General government	--	--	--	--	--
Public safety	50,971	126,412	--	--	324,578
Streets and transportation	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Economic development	--	--	469	1,634	--
Total expenditures	50,971	126,412	469	1,634	324,578
Excess (deficiency) of revenues over (under) expenditures	216,767	(39,170)	283	--	--
OTHER FINANCING SOURCES (USES)					
Transfers in	--	--	20,000	--	--
Transfers (out)	--	--	--	--	--
Refund to Federal Government	--	(9,872)	--	--	--
Total other financing sources (uses)	--	(9,872)	20,000	--	--
Net change in fund balances	216,767	(49,042)	20,283	--	--
Fund balances - beginning	59,183	49,042	20,395	--	--
Fund balances - ending	$ 275,950	$ --	$ 40,678	$ --	$ --

DOT Federal Grant	Employee Health Insurance	EPA Brownfields Grant	FEMA -WV Flood Mitigation	Homeland Security Grant	Homeless Prevention & Rapid Re-Housing	Human Rights
$ 237,187	$ --	$ 46,029	$ 10,561	$ 15,739	$ 4,025	$ 16,617
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	20,394	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
237,187	20,394	46,029	10,561	15,739	4,025	16,617
--	--	--	--	--	--	--
--	--	--	10,561	16,518	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
237,187	--	46,029	--	--	4,025	16,617
237,187	--	46,029	10,561	16,518	4,025	16,617
--	20,394	--	--	(779)	--	--
--	500,000	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	500,000	--	--	--	--	--
--	520,394	--	--	(779)	--	--
--	1,125,245	--	--	779	--	16,220
$ --	$ 1,645,639	$ --	$ --	$ --	$ --	$ 16,220

Metro Loan	Municipal Beautification	Municipal Court	Municipal Stabilization	Police & Fire Donations	Police Grants
$ --	$ --	$ --	$ --	$ --	$ 785,429
--	7,061	--	--	--	--
--	--	923,344	--	--	--
101	371	--	1,422	532	--
--	850	--	--	2,560	--
--	--	--	--	9,403	--
101	8,282	923,344	1,422	12,495	785,429
--	--	338,406	--	--	--
--	--	--	--	3,683	785,429
--	1,761	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	1,761	338,406	--	3,683	785,429
101	6,521	584,938	1,422	8,812	--
--	--	--	23,547	--	--
--	--	(631,120)	--	--	--
--	--	--	--	--	--
--	--	(631,120)	23,547	--	--
101	6,521	(46,182)	24,969	8,812	--
118,318	24,037	151,112	89,071	42,589	36,868
$ 118,419	$ 30,558	$ 104,930	$ 114,040	$ 51,401	$ 36,868

Rental Rehabilitation	Sister Cities	Solid Waste	Special Demolition	Supportive Housing	Wayfinding Commission	Total Nonmajor Special Revenue Funds
$ --	$ --	$ --	$ --	$ 190,290	$ --	$ 1,717,087
--	--	4,075,649	--	--	--	4,082,710
--	--	--	--	--	--	1,189,702
--	15	36,511	389	--	138	63,749
--	--	--	--	--	--	3,910
--	--	--	--	--	--	9,403
--	15	4,112,160	389	190,290	138	7,066,561
--	--	--	--	--	--	338,406
--	--	--	--	--	--	1,318,152
--	--	--	--	--	--	1,761
--	--	1,136,104	--	--	--	1,136,104
145,879	--	--	--	190,290	2,070	644,200
145,879	--	1,136,104	--	190,290	2,070	3,438,623
(145,879)	15	2,976,056	389	--	(1,932)	3,627,938
--	--	--	--	--	20,000	563,547
--	--	(2,850,000)	--	--	--	(3,481,120)
--	--	--	--	--	--	(9,872)
--	--	(2,850,000)	--	--	20,000	(2,927,445)
(145,879)	15	126,056	389	--	18,068	700,493
311,112	1,258	2,276,460	32,638	--	8,826	4,363,153
$ 165,233	$ 1,273	$ 2,402,516	$ 33,027	$ --	$ 26,894	$ 5,063,646

CITY OF CHARLESTON, WEST VIRGINIA
CAPITAL PROJECTS FUNDS

Nonmajor Funds

Ball Park Maintenance Fund This fund is used to account for contributions by the General Fund of $25,000 annually for maintenance and improvements of the ball park in accordance with a contract between the City and West Virginia Power Ball Team.

Ball Park Stadium Fund This fund accounts for receipts of state funds, contributions, and lease proceeds that have been used for the construction of a new ball park within the City.

Bridge Fund This City Council established fund is maintained to account for revenue sources expended for the construction and maintenance of bridges.

City Service Fee Project Fund This fund receives transfers from the General Fund of the city service fee revenues, that are dedicated for street maintenance and infrastructure throughout the City, in order to better provide public accountability for the monies.

Civic Center Capital Improvements Fund This City Council established fund is operated to receive transfers of all capital improvement fees collected at the Civic Center events. These revenue sources are maintained for capital improvements to the Civic Center.

Facilities Maintenance Fund This fund was established to account for various facility renovation projects separately and is funded by transfers from the General Fund.

General Maintenance Fund This City Council established fund is operated to receive transfers from the General Fund to separately account for funds expended for capital improvements.

Infrastructure Fund This City Council established fund is used to maintain revenue sources for capital improvements to infrastructure.

Municipal Auditorium Capital Improvements Fund This City Council established fund is operated to receive capital improvement fees collected at the Municipal Auditorium events to account for funds expended for capital improvements to the Municipal Auditorium.

Soccer Field Fund This City Council established fund is used to receive revenue resources dedicated to improvements of City soccer fields.

South Side Recreation Fund This City Council established fund is used to receive revenue sources dedicated to improvements for recreation on the South Side of Charleston, WV.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2009

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
ASSETS					
Cash and cash equivalents	$ 28,894	$ 177,552	$ 108	$ 1,728,947	$ 260,121
Due from:					
Other funds	--	--	--	70,999	--
Total assets	$ 28,894	$ 177,552	$ 108	$ 1,799,946	$ 260,121
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	--	--	--	518,538	--
Total liabilities	--	--	--	518,538	--
FUND BALANCES					
Reserved for:					
Capital projects	28,894	177,552	108	1,281,408	260,121
Total fund balances	28,894	177,552	108	1,281,408	260,121
Total liabilities and fund balances	$ 28,894	$ 177,552	$ 108	$ 1,799,946	$ 260,121

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,397,938
--	--	--	--	--	--	70,999
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,468,937
9,172	--	--	--	--	--	527,710
9,172	--	--	--	--	--	527,710
193,035	1,772,482	142,847	72,192	3,005	9,583	3,941,227
193,035	1,772,482	142,847	72,192	3,005	9,583	3,941,227
$ 202,207	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 4,468,937

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2009

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
REVENUES					
Charges for services	$ --	$ --	$ --	$ --	$ --
Interest and investment earnings	231	2,204	1	20,640	3,808
Contributions and donations	--	--	--	--	--
Reimbursements	--	--	--	50,441	--
Total revenues	231	2,204	1	71,081	3,808
EXPENDITURES					
Current:					
Capital projects	12,153	9,823	--	2,639,925	--
Total expenditures	12,153	9,823	--	2,639,925	--
Excess (deficiency) of revenues over (under) expenditures	(11,922)	(7,619)	1	(2,568,844)	3,808
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	--	--	1,650,000	99,993
Transfers (out)	--	--	--	--	(201,029)
Total other financing sources (uses)	25,000	--	--	1,650,000	(101,036)
Net change in fund balances	13,078	(7,619)	1	(918,844)	(97,228)
Fund balances - beginning	15,816	185,171	107	2,200,252	357,349
Fund balances - ending	$ 28,894	$ 177,552	$ 108	$ 1,281,408	$ 260,121

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ --	$ --	$ --	$ 33,678	$ --	$ --	$ 33,678
1,042	19,195	1,732	1,706	35	116	50,710
--	9,419	--	--	--	--	9,419
--	--	--	--	--	--	50,441
1,042	28,614	1,732	35,384	35	116	144,248
308,007	299,610	--	--	--	--	3,269,518
308,007	299,610	--	--	--	--	3,269,518
(306,965)	(270,996)	1,732	35,384	35	116	(3,125,270)
500,000	505,000	--	--	--	--	2,779,993
--	(64,784)	--	(104,425)	--	--	(370,238)
500,000	440,216	--	(104,425)	--	--	2,409,755
193,035	169,220	1,732	(69,041)	35	116	(715,515)
--	1,603,262	141,115	141,233	2,970	9,467	4,656,742
$ 193,035	$ 1,772,482	$ 142,847	$ 72,192	$ 3,005	$ 9,583	$ 3,941,227

CITY OF CHARLESTON, WEST VIRGINIA
DEBT SERVICE FUND

Nonmajor Fund

Debt Service Sinking Fund This fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2009

	Sinking Fund
ASSETS	
Cash and cash equivalents	$ 3,689,446
Receivables:	
Taxes	100,041
Restricted cash	115,330
Total assets	$ 3,904,817
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Deferred revenue:	
Taxes	40,719
Total liabilities	40,719
FUND BALANCE	
Reserved for:	
Debt service	3,864,098
Total fund balance	3,864,098
Total liabilities and fund balance	$ 3,904,817

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Sinking Fund
REVENUES	
Taxes:	
Ad valorem property taxes	$ 1,553,256
Interest and investment earnings	54,856
Total revenues	1,608,112
EXPENDITURES	
Current:	
Principal	1,415,000
Interest	349,162
Total expenditures	1,764,162
Excess (deficiency) of revenues over (under) expenditures	(156,050)
OTHER FINANCING SOURCES (USES)	
Transfers in	359,893
Total other financing sources (uses)	359,893
Net change in fund balance	203,843
Fund balance - beginning	3,660,255
Fund balance - ending	$ 3,864,098

CITY OF CHARLESTON, WEST VIRGINIA
PERMANENT FUND

Nonmajor Fund

Spring Hill Cemetery Fund This fund was created in 1973 by City Council to manage funds received for the perpetual care of Spring Hill Cemetery. The corpus is maintained in trust and the earnings thereon are to be expended for the general care and maintenance of the cemetery.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR PERMANENT FUND
June 30, 2009

	Spring Hill Cemetery
ASSETS	
Cash and cash equivalents	$ 142,600
Investments	1,349,784
Receivables:	
Accrued interest	6,330
Due from:	
Other funds	5,942
Total assets	$ 1,504,656
FUND BALANCE	
Reserved for:	
Perpetual care	1,504,656
Total liabilities and fund balance	$ 1,504,656

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR PERMANENT FUND
For the Fiscal Year Ended June 30, 2009

	Spring Hill Cemetery
REVENUES	
Investment earnings	$ (63,019)
Contributions and donations	982
Total revenues	(62,037)
EXPENDITURES	
Current:	
Social services	32,448
Total expenditures	32,448
Excess (deficiency) of revenues over (under) expenditures	(94,485)
OTHER FINANCING SOURCES (USES)	
Transfers in	34,653
Total other financing sources (uses)	34,653
Net change in fund balance	(59,832)
Fund balance - beginning	1,564,488
Fund balance - ending	$ 1,504,656

CITY OF CHARLESTON, WEST VIRGINIA
AGENCY FUNDS

Civic Center Ticket Fund This fund is custodial in nature and accounts for revenues received from ticket sales for events held at the Civic Center and subsequently dispersed to promoters of the various events.

Civic Center Tourism Grant Fund This fund is custodial in nature and accounts for grant revenues received from the West Virginia Tourism Direct Advertising Grant and dispersed to the various advertising vendors.

Metro Drug Enforcement Task Force Fund This fund is custodial in nature where revenues from forfeitures and donations are held until dispersed to various other City or State Agencies.

Pending Forfeiture Fund This fund is custodial in nature operated to hold revenues from forfeitures until disbursed to appropriate federal or state entity or returned by court order.

Police Asset & Liability Fund This fund is custodial in nature operated by the Charleston Police Department for confiscated property that will normally be refunded upon court order.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
June 30, 2009

	Civic Center Ticket	Civic Center Tourism Grant	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents	$ 1,028,089	$ 8,230	$ 121,556	$ 807,455	$ 6,255	$ 1,971,585
Receivables:						
Accounts	- -	- -	2,484	- -	- -	2,484
Total assets	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069
LIABILITIES						
Refunds payable and others	1,028,089	8,230	124,040	807,455	6,255	1,974,069
Total liabilities	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Fiscal Year Ended June 30, 2009

	Civic Center Ticket	Civic Center Tourism Grant	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents July, 1, 2008	$ 791,432	$ 8,545	$ 55,408	$ 723,047	$ 6,179	$ 1,584,611
Receivables, July 1, 2008	--	--	32,062	119	1	32,182
Additions-Cash	206,046,474	28,023	379,958	208,130	76	206,662,661
Deductions-Cash	(205,809,817)	(28,338)	(313,810)	(123,722)	--	(206,275,687)
Additions-Receivable	--	--	2,484	--	--	2,484
Deductions-Receivable	--	--	(32,062)	(119)	(1)	(32,182)
Cash and cash equivalents June 30, 2009	1,028,089	8,230	121,556	807,455	6,255	1,971,585
Receivables, June 30, 2009	--	--	2,484	--	--	2,484
Total Assets, June 30, 2009	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069
LIABILITIES						
Refunds payable and others July 1, 2008	791,432	8,545	87,470	723,166	6,180	1,616,793
Additions	206,046,474	28,023	250,271	196,501	75	206,521,344
Deductions	(205,809,817)	(28,338)	(213,701)	(112,212)	--	(206,164,068)
June 30, 2009	$ 1,028,089	$ 8,230	$ 124,040	$ 807,455	$ 6,255	$ 1,974,069

STATISTICAL SECTION

CITY OF CHARLESTON, WEST VIRGINIA
STATISTICAL SECTION

This part of the City of Charleston's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property, business and occupation taxes and other tax revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's audited financial statements for the relevant year. The City implemented Governmental Accounting Standards Board Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 1
Net Assets by Component -
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Investment in capital assets, net of related debt	$ 48,464,912	$ 55,719,550	$ 66,448,722	$ 68,309,020	$ 71,869,697	$ 69,648,983	$ 74,002,320
Restricted	10,893,812	11,422,818	9,488,250	10,392,753	12,211,193	14,713,465	13,856,864
Unrestricted	(20,073,060)	(16,200,296)	(15,967,485)	(20,756,708)	(32,287,210)	(39,331,088)	(54,220,231)
Total governmental activities net assets	$ 39,285,664	$ 50,942,072	$ 59,969,487	$ 57,945,065	$ 51,793,680	$ 45,031,360	$ 33,638,953
Business-type activities							
Investment in capital assets, net of related debt	9,576,130	9,135,802	10,485,290	10,907,278	10,854,966	10,508,737	10,969,959
Restricted	371,033	3,597,002	1,855,216	1,967,296	1,989,077	2,055,937	2,132,493
Unrestricted	(284,787)	(137,205)	196,325	140,807	298,804	739,912	826,246
Total business-type activities	$ 9,662,376	$ 12,595,599	$ 12,536,831	$ 13,015,381	$ 13,142,847	$ 13,304,586	$ 13,928,698
Primary government							
Investment in capital assets, net of related debt	58,441,042	64,855,352	76,934,012	79,216,302	82,724,663	80,157,720	84,972,279
Restricted	14,603,845	15,019,820	11,343,466	12,360,049	14,200,270	16,769,402	15,989,357
Unrestricted	(20,357,847)	(16,337,501)	(15,771,160)	(20,615,905)	(31,988,406)	(38,591,176)	(53,393,985)
Total primary government net assets	$ 52,687,040	$ 63,537,671	$ 72,506,318	$ 70,960,446	$ 64,936,527	$ 58,335,946	$ 47,567,651

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 2
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities							
General government	$ 16,007,554	$ 12,892,126	$ 18,117,093	$ 15,595,021	$ 16,226,688	$ 15,897,074	$ 14,941,103
Public safety	31,452,519	34,016,023	34,256,666	35,437,345	39,543,593	48,241,928	52,108,035
Streets and transportation	5,535,598	6,173,346	3,185,260	6,454,730	7,993,195	8,346,954	11,294,498
Health and sanitation	4,021,705	4,503,132	3,672,291	4,302,817	5,354,317	5,207,158	6,091,526
Culture and recreation	4,786,629	4,659,938	5,930,600	6,962,595	6,378,521	6,675,344	7,514,740
Social services	803,574	648,972	637,832	666,342	360,025	822,953	850,858
Economic development	1,814,596	1,494,515	2,351,533	2,746,483	3,358,208	2,995,622	2,024,572
Administrative and general	24,095	-	-	-	-	-	-
Interest on long-term debt	972,348	724,960	1,082,377	982,256	881,524	58,003	920,328
Total governmental activities	65,418,618	65,113,012	69,233,652	73,147,589	80,096,071	88,245,036	95,745,660
Business-type activities							
Civic center	3,703,883	4,041,658	4,266,734	4,515,951	4,735,314	4,889,784	4,846,625
Parking system	3,601,138	3,522,269	3,347,906	3,141,969	3,233,036	3,140,715	3,000,020
Total business-type activities	7,305,021	7,563,927	7,614,640	7,657,920	7,968,350	8,030,499	7,846,645
Total primary government	$ 72,723,639	$ 72,676,939	$ 76,848,292	$ 80,805,509	$ 88,064,421	$ 96,275,535	$ 103,592,305
Program revenues							
Governmental activities							
Charges for services							
General government	12,212,222	4,167,161	5,926,506	3,621,630	3,708,650	3,535,513	3,456,574
Public safety	22,898	5,563,713	5,718,864	5,575,741	6,837,529	8,163,860	8,569,748
Culture and recreation	56,114	124,499	140,381	113,375	129,364	95,038	120,618
Streets and transportation	-	3,981	4,858	2,183,248	1,615,441	2,071,313	2,639,926
Health and sanitation	-	4,070,540	4,382,690	4,024,738	4,167,357	4,193,130	4,103,198
Economic development	-	-	2,252	-	-	-	-
Social services	-	131,898	154,468	194,080	213,931	191,635	161,208
Operating grants and contributions	3,421,187	5,136,988	4,802,708	4,720,285	4,730,700	9,541,628	8,572,211
Capital grants and contributions	3,072,562	11,506,048	5,075,683	2,194,445	2,107,864	1,471,975	1,509,503
Total governmental activities program revenues	18,784,983	30,704,828	26,208,410	22,627,542	23,510,836	29,264,092	29,132,986

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities							
Charges for services							
Rentals	$ 2,845,573	$ 3,402,583	$ 3,504,671	$ 3,488,733	$ 3,653,123	$ 3,572,936	$ 3,663,108
Catering services	574,527	533,695	966,151	683,345	722,995	698,859	627,378
Parking violations	301,391	545,797	454,985	525,906	606,142	690,898	561,973
Parking meters	491,997	505,994	492,123	486,990	529,717	550,322	501,244
Other	746,539	732,283	847,534	827,436	874,709	1,105,029	1,074,676
Capital grants and contributions	5,253	63,615	26,032	40,334	73,344	224,125	48,387
Total business-type activities program revenues	4,965,280	5,783,967	6,291,496	6,052,744	6,460,030	6,842,169	6,476,766
Net (expense) revenue							
Governmental activities	(46,633,635)	(34,408,184)	(43,025,242)	(50,520,047)	(56,585,235)	(58,980,944)	(66,612,674)
Business-type activities	(2,339,741)	(1,779,960)	(1,323,144)	(1,605,176)	(1,508,320)	(1,188,330)	(1,369,879)
Total primary government net (expense) revenue	$ (48,973,376)	$ (36,188,144)	$ (44,348,386)	$ (52,125,223)	$ (58,093,555)	$ (60,169,274)	$ (67,982,553)
General revenues and other changes in net assets							
Governmental activities							
Taxes							
Property taxes	10,800,459	9,846,179	10,499,462	9,898,401	10,389,006	10,355,037	10,541,473
Business and occupation taxes	31,619,878	32,820,776	32,863,908	33,681,586	35,567,872	36,666,641	39,691,857
Utility taxes	1,828,769	2,118,914	2,017,526	2,140,036	2,120,895	2,307,808	2,776,258
Hotel occupancy taxes	1,042,551	1,034,995	1,143,828	2,311,414	2,433,977	2,567,145	2,779,180
Other taxes	835,165	1,019,372	710,085	967,036	768,397	1,048,092	1,050,431
Unrestricted grants and contributions	15,766	100	2,000	-	-	-	-
Investment earnings	118,440	89,052	195,021	411,672	445,379	336,531	151,378
Gain (Loss) on sale of capital assets	100,251	59,158	5,768,495	709,370	162,017	129,838	168,333
Miscellaneous	15,446	2,156	404	37,031	224	-	-
Special item-legal settlement	-	-	-	300,978	-	-	-
Transfers	(1,810,573)	(1,326,110)	(1,148,072)	(1,961,899)	(1,453,917)	(1,192,468)	(1,938,643)
Total governmental activities	44,566,152	45,664,592	52,052,657	48,495,625	50,433,850	52,218,624	55,220,267

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Business-type activities							
Investment earnings	$ 112,953	$ 47,948	$ 116,038	$ 120,926	$ 176,954	$ 157,601	$ 52,842
Miscellaneous	(2,947)	125	267	900	4,915	-	2,506
Transfers	1,810,573	1,326,109	1,148,072	1,961,899	1,453,917	1,192,468	1,938,643
Total business-type activities	1,920,579	1,374,182	1,264,377	2,083,725	1,635,786	1,350,069	1,993,991
Total primary government	46,486,731	47,038,774	53,317,034	50,579,350	52,069,636	53,568,693	57,214,258
Change in net assets							
Governmental activities	(2,067,483)	11,256,408	9,027,415	(2,024,422)	(6,151,385)	(6,762,320)	(11,392,407)
Business-type activities	(419,162)	(405,778)	(58,767)	478,549	127,466	161,739	624,112
Total primary government	$ (2,486,645)	$ 10,850,630	$ 8,968,648	$ (1,545,873)	$ (6,023,919)	$ (6,600,581)	$ (10,768,295)

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	$ 1,340,740	$ 207,189	$ 386,378	$ 786,001	$ 3,849,291	$ 6,097,480	$ 3,321,573	$ 4,086,968	$ 4,538,744	$ 5,980,683
Unreserved	7,799,077	7,949,764	10,217,347	10,770,000	12,733,620	14,391,977	14,665,775	14,083,621	15,036,189	16,752,131
Total general fund	$ 9,139,817	$ 8,156,953	$ 10,603,725	$ 11,556,001	$ 16,582,911	$ 20,489,457	$ 17,987,348	$ 18,170,589	$ 19,574,933	$ 22,732,814
All other governmental funds										
Reserved	9,090,857	11,030,994	10,022,027	8,168,578	9,419,244	7,420,690	9,754,460	10,918,600	12,607,962	12,232,572
Unreserved, reported in:										
Special revenue funds	1,065,521	853,424	199,302	450,603	593,582	1,021,116	1,717,429	1,729,893	1,836,210	2,323,750
Total all other Governmental funds	$ 10,156,378	$ 11,884,418	$ 10,221,329	$ 8,619,181	$ 10,012,826	$ 8,441,806	$ 11,471,889	$ 12,648,493	$ 14,444,172	$ 14,556,322

For comparability from year to year, the fiscal years 2000 through 2002 include Spring Hill Cemetery, that was classified as nonexpendable trust and Municipal Court classified as an expendable trust fund until implementation of GASB 34 effective for the fiscal year ended June 30, 2003. Spring Hill Cemetery became a Permanent Fund and Municipal Court became a Special Revenue Fund which are governmental funds.

CITY OF CHARLESTON, WEST VIRGINIA
Table 4
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	$ 42,089,550	$ 43,380,813	$ 44,007,787	$ 45,950,963	$ 46,654,270	$ 46,430,717	$ 49,242,614	$ 51,334,552	$ 53,028,638	$ 57,051,587
Licenses and permits	1,182,805	1,022,220	1,187,156	1,300,538	1,506,119	1,406,671	1,507,731	1,585,869	1,455,775	1,731,941
Fines and forfeitures	42,593	-	-	736,997	958,049	1,237,831	1,425,243	1,334,183	1,206,087	1,189,702
Charges for services	5,008,778	8,533,508	9,208,473	9,854,411	11,420,219	13,242,403	12,545,403	13,455,536	15,318,855	16,141,496
Intergovernmental	4,601,036	6,280,671	5,079,259	6,683,885	15,992,003	8,696,949	5,595,090	4,928,969	9,438,800	8,423,241
Investment earnings	877,084	611,407	1,783,495	253,535	285,676	549,103	818,789	1,184,506	778,985	400,498
Other revenues	3,390,532	2,177,551	296,932	1,087,700	1,742,909	2,109,403	2,098,938	2,426,221	2,370,284	2,419,634
Total revenues	57,192,378	62,006,170	61,563,102	65,868,029	78,559,245	73,673,077	73,233,808	76,249,836	83,597,424	87,358,099
Expenditures										
General government	8,976,103	9,114,612	12,358,471	10,520,913	10,441,852	12,386,355	12,680,635	14,029,365	15,247,865	14,766,228
Public safety	27,979,123	28,051,845	26,808,819	26,094,332	27,419,019	30,988,041	32,091,386	32,351,932	38,115,187	38,850,635
Streets & transportation	4,566,118	4,729,577	5,024,285	5,148,866	5,352,417	6,369,531	6,517,185	7,007,636	7,795,553	8,269,936
Health & sanitation	4,468,889	4,534,159	3,896,761	3,714,943	4,048,560	4,579,408	4,976,157	5,090,595	5,248,854	5,639,276
Culture & recreation	4,004,158	3,947,486	3,705,715	4,209,369	11,838,552	4,463,030	5,453,355	5,852,014	5,816,312	6,421,350
Economic development	2,612,439		-	4,882,570	5,673,238	2,990,521	3,640,671	4,043,828	4,004,487	3,616,919
Social services	1,271,407	5,185,443	1,590,703	762,201	584,404	647,150	665,296	856,383	828,870	795,455
Capital outlay	4,834,992	2,044,730	2,315,862	8,507,509	5,041,945	22,074,584	5,011,702	3,311,765	1,980,606	3,269,518
Debt service:										-
Principal	1,449,793	1,550,620	1,645,965	1,740,766	1,104,052	1,183,247	1,517,603	1,651,681	1,761,291	1,881,447
Interest	1,166,586	1,075,033	974,550	879,354	840,682	735,873	1,079,040	979,118	873,674	919,824
Total expenditures	61,329,608	60,233,505	58,321,131	66,460,823	72,344,721	86,417,740	73,633,030	75,174,317	81,672,699	84,430,588
Excess of revenues over (under) expenditures	(4,137,230)	1,772,665	3,241,971	(592,794)	6,214,524	(12,744,663)	(399,222)	1,075,519	1,924,725	2,927,511
Special item-legal settlement	-	-	-	-	-	-	300,978	-	-	-
Other financing sources (uses)										
Proceeds from borrowing	-	-	-	1,000,000	1,532,141	10,116,502	1,573,000	1,317,227	2,326,542	2,161,000
Transfers in	2,359,575	2,876,444	3,672,484	6,809,247	13,675,581	15,311,778	10,755,743	8,002,458	7,159,465	7,388,416
Transfers out	(2,660,216)	(244,566)	(5,173,750)	(8,619,820)	(15,001,691)	(16,459,853)	(12,573,603)	(9,209,992)	(8,347,666)	(9,301,832)
Other	-	-	(101,743)	75,100	-	6,111,760	871,075	174,632	136,957	94,936
Total other financing sources (uses)	(300,641)	2,631,878	(1,603,009)	(735,473)	206,031	15,080,187	626,215	284,325	1,275,298	342,520
Net change in fund balance	(4,437,871)	4,404,543	1,638,962	(1,328,267)	6,420,555	2,335,524	527,971	1,359,844	3,200,023	3,270,031
Debt service as a percentage of noncapital expenditures	5%	5%	5%	5%	3%	3%	4%	4%	3%	3%

Fines & Forfeitures were included in transfers in from the Municipal Court prior to the implementation of GASB 34 for the Fiscal Year Ended June 30, 2003.
General Fund Capital Expenditures in a few years were included with the categories.
Classifications of Revenues and Expenditures were changed from year to year.

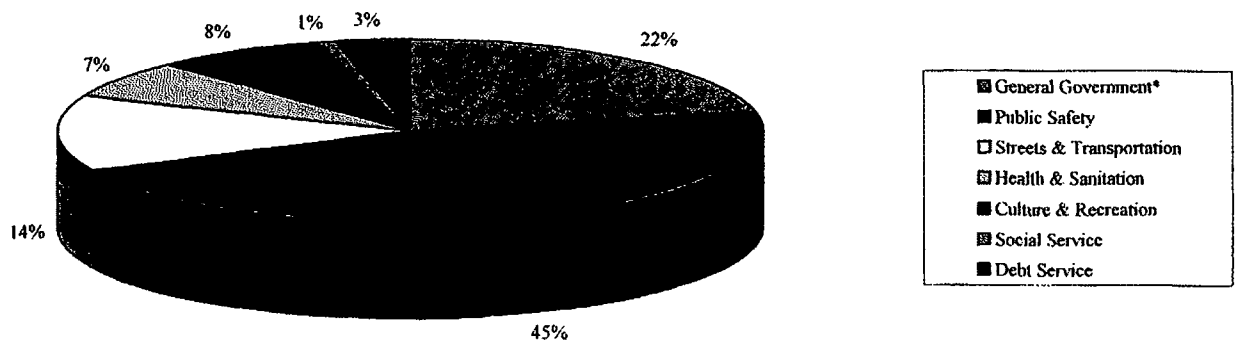
CITY OF CHARLESTON, WEST VIRGINIA
Table 5
Expenditures By Function - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Year	General Government*	Public Safety	Streets & Transportation	Health & Sanitation	Culture & Recreation	Social Service	Debt Service	Total
2000	$ 13,811,098	$ 28,012,413	$ 4,566,118	$ 4,468,889	$ 4,684,300	$ 800,279	$ 2,616,379	$ 58,959,476
2001	11,116,089	28,087,348	4,729,577	4,534,159	4,660,454	768,317	2,625,653	56,521,597
2002	11,874,851	26,827,964	5,024,285	3,896,761	4,481,027	843,389	2,620,515	55,568,792
2003	16,188,083	27,673,867	5,992,898	4,003,528	4,331,771	779,292	2,620,120	61,589,559
2004	16,786,059	28,759,664	6,090,358	4,503,661	4,136,695	625,152	1,944,734	62,846,323
2005	15,376,877	30,988,041	6,369,531	4,579,408	4,463,030	647,150	1,919,120	64,343,157
2006	16,321,306	32,091,386	6,517,185	4,976,157	5,453,355	665,296	2,596,643	68,621,328
2007	18,073,193	32,351,932	7,007,636	5,090,595	5,852,014	856,383	2,630,799	71,862,552
2008	19,252,352	38,115,187	7,795,553	5,248,854	5,816,312	828,870	2,634,965	79,692,093
2009	18,383,147	38,850,635	11,539,454	5,639,276	6,421,350	795,455	2,801,271	84,430,588

Includes General Fund, Special Revenue Funds and Debt Service Fund

*Includes expenditures for economic development

Expenditures by Function - Governmental Fund Types for the Current Year

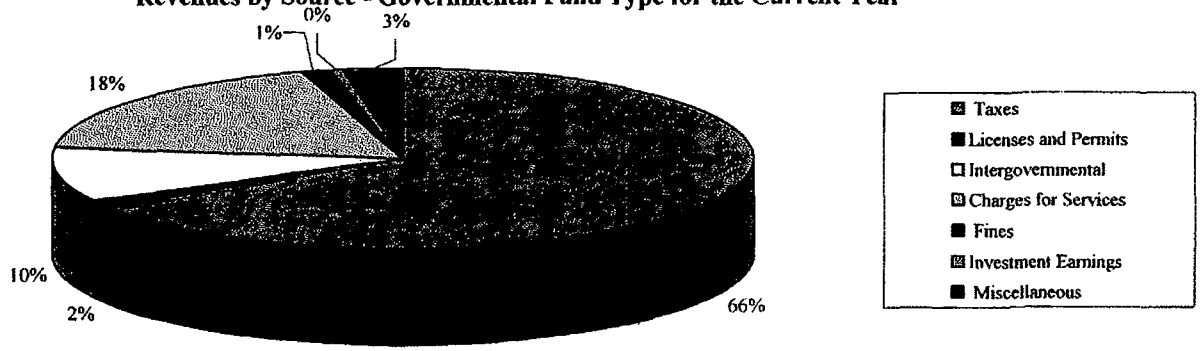


CITY OF CHARLESTON, WEST VIRGINIA
Table 6
Revenues By Source - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines	Investment Earnings	Miscellaneous	Total
2000	$ 42,301,042	$ 996,157	$ 4,601,036	$ 5,008,778	$ 515,577	$ 756,930	$ 3,187,980	$ 57,367,500
2001	42,973,988	1,012,299	6,280,671	8,382,185	443,906	550,378	1,330,120	60,973,547
2002	42,949,413	1,187,156	5,079,259	8,409,624	512,910	502,177	1,243,416	59,883,955
2003	45,950,963	1,300,538	6,683,885	9,854,411	736,997	197,678	942,927	65,667,399
2004	46,654,270	1,506,119	15,307,826	11,272,407	1,036,914	233,624	1,847,187	77,858,347
2005	46,430,717	1,406,671	8,696,949	13,209,907	1,237,831	429,158	1,999,821	73,411,054
2006	49,242,614	1,507,731	5,588,637	12,536,018	1,425,243	772,955	2,058,036	73,131,234
2007	51,334,552	1,585,869	4,928,969	13,423,005	1,334,183	1,088,606	2,206,694	75,901,878
2008	53,028,638	1,455,775	9,438,600	15,304,291	1,206,087	643,072	2,175,928	83,252,391
2009	57,051,587	1,731,941	8,423,241	16,141,496	1,189,702	400,498	2,419,634	87,358,099

Includes General Fund, Special Revenue Funds, and Debt Service Fund

Revenues by Source - Governmental Fund Type for the Current Year



CITY OF CHARLESTON, WEST VIRGINIA
Table 7
Detailed Revenues From Taxes - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Year	Property Tax	Business & Occupation Tax	Utility Tax	Consumer Sales Tax Liquor	Hotel Occupancy Tax	Amusement Tax	Miscellaneous Taxes	Total
2000	$ 8,973,825	$ 29,884,642	$ 1,844,282	$ 487,448	$ 967,708	$ 120,958	$ 22,179	$ 42,301,042
2001	9,934,635	29,527,633	1,910,094	485,955	978,270	116,548	20,853	42,973,988
2002	10,599,134	28,259,242	2,194,803	661,348	1,101,583	105,954	27,349	42,949,413
2003	10,800,456	31,619,878	1,828,767	371,664	1,042,551	264,742	22,905	45,950,963
2004	9,820,894	32,820,776	2,118,914	625,700	1,034,995	201,089	31,902	46,654,270
2005	9,844,571	32,714,707	2,017,526	474,137	1,143,828	190,822	45,126	46,430,717
2006	10,142,543	33,681,586	2,140,036	746,717	2,311,414	163,005	57,314	49,242,615
2007	10,443,411	35,567,872	2,120,895	551,366	2,433,977	161,559	55,472	51,334,552
2008	10,438,952	36,666,641	2,307,808	800,647	2,567,145	187,168	60,277	53,028,638
2009	10,753,861	39,691,857	2,776,258	778,890	2,779,180	203,751	67,790	57,051,587

CITY OF CHARLESTON, WEST VIRGINIA
Table 8
Property Tax Levies and Collections - General Fund -
For the Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2000	$ 6,183,592	$ 5,857,584	94.73%	$ 441,408	$ 6,298,992	101.87%	$ 421,268	6.81%
2001	7,008,126	6,000,772	85.63%	551,912	6,552,684	93.50%	461,146	6.58%
2002	7,620,982	6,594,784	86.53%	538,483	7,133,267	93.60%	501,473	6.58%
2003	7,734,464	6,763,663	87.45%	693,878	7,457,541	96.42%	508,940	6.58%
2004	7,715,097	9,187,869	119.09%	633,025	9,820,894	127.29%	506,278	6.56%
2005	7,875,027	6,912,926	87.78%	1,386,381	8,299,307	105.39%	515,819	6.55%
2006	7,983,561	8,261,230	103.48%	322,779	8,584,009	107.52%	510,092	6.39%
2007	8,309,807	8,327,767	100.22%	548,019	8,875,786	106.81%	470,677	5.66%
2008	8,393,656	8,540,242	101.75%	344,519	8,884,761	105.85%	406,484	4.84%
2009	8,647,733	10,291,372	119.01%	462,489	10,753,861	124.35%	231,842	2.68%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class -
Fiscal Years 2009, 2008, 2007, 2006 and 2005

		Fiscal Year 2009				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	11	0.16% $	450	0.00%
2	Manufacturing	0.30%	48	0.72%	344,110	0.91%
3	Retailers	0.50%	1,200	17.96%	7,452,717	19.60%
4	Wholesalers	0.15%	485	7.26%	1,178,090	3.10%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.03%	1,428,790	3.76%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.01%	850,516	2.24%
7	Natural Gas Companies	3.00%	3	0.04%	1,139,275	3.00%
8	Water Companies	4.00%	1	0.01%	731,205	1.92%
9	All Other Public Utilities	2.00%	4	0.06%	46,358	0.12%
10	Contracting	2.00%	847	12.67%	3,197,120	8.41%
11	Amusement	0.50%	42	0.63%	81,854	0.22%
12	Service & All Other Businesses	1.00%	2,295	34.34%	17,119,132	45.02%
13	Rents and Royalties	1.00%	1,683	25.18%	2,450,421	6.44%
14	Banking and Other Financial Institutions	1.00%	61	0.91%	2,002,652	5.27%
	Totals		6,683	100.00% $	38,022,690	100.00%

		Fiscal Year 2008				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	10	0.16% $	3,921	0.01%
2	Manufacturing	0.30%	54	0.85%	362,330	1.06%
3	Retailers	0.50%	1,177	18.49%	6,851,776	20.02%
4	Wholesalers	0.15%	450	7.07%	1,214,168	3.55%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.02%	1,326,877	3.88%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	792,692	2.32%
7	Natural Gas Companies	3.00%	2	0.03%	890,233	2.60%
8	Water Companies	4.00%	1	0.02%	656,817	1.92%
9	All Other Public Utilities	2.00%	4	0.06%	81,902	0.24%
10	Contracting	2.00%	763	11.99%	3,264,605	9.54%
11	Amusement	0.50%	46	0.72%	302,396	0.88%
12	Service & All Other Businesses	1.00%	2,153	33.83%	14,381,469	42.01%
13	Rents and Royalties	1.00%	1,627	25.57%	2,102,504	6.14%
14	Banking and Other Financial Institutions	1.00%	75	1.18%	1,999,636	5.84%
	Totals		6,364	100.00% $	34,231,326	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2007				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	15	0.23% $	2,999	0.01%
2	Manufacturing	0.30%	58	0.91%	350,353	1.05%
3	Retailers	0.50%	1,167	18.24%	7,007,495	21.08%
4	Wholesalers	0.15%	428	6.69%	1,048,908	3.16%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	3	0.05%	1,216,064	3.66%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	548,390	1.65%
7	Natural Gas Companies	3.00%	3	0.05%	973,137	2.93%
8	Water Companies	4.00%	2	0.03%	657,833	1.98%
9	All Other Public Utilities	2.00%	7	0.11%	78,230	0.24%
10	Contracting	2.00%	811	12.68%	3,055,984	9.19%
11	Amusement	0.50%	45	0.70%	342,871	1.03%
12	Service & All Other Businesses	1.00%	2,129	33.28%	13,618,532	40.97%
13	Rents and Royalties	1.00%	1,671	26.12%	2,168,817	6.53%
14	Banking and Other Financial Institutions	1.00%	58	0.91%	2,168,322	6.52%
	Totals		6,398	100.00% $	33,237,935	100.00%

		Fiscal Year 2006				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	14	0.20% $	10,056	0.03%
2	Manufacturing	0.30%	71	1.02%	362,036	1.07%
3	Retailers	0.50%	1,365	19.57%	6,799,683	20.19%
4	Wholesalers	0.15%	464	6.65%	916,554	2.72%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	5	0.07%	1,181,517	3.51%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	2	0.03%	742,428	2.20%
7	Natural Gas Companies	3.00%	4	0.06%	865,231	2.57%
8	Water Companies	4.00%	2	0.03%	659,616	1.96%
9	All Other Public Utilities	2.00%	3	0.04%	3,409	0.01%
10	Contracting	2.00%	867	12.43%	3,387,279	10.06%
11	Amusement	0.50%	50	0.72%	384,539	1.14%
12	Service & All Other Businesses	1.00%	2,273	32.58%	14,364,904	42.65%
13	Rents and Royalties	1.00%	1,792	25.69%	2,074,824	6.16%
14	Banking and Other Financial Institutions	1.00%	64	0.92%	1,929,559	5.73%
	Totals		6,976	100.00% $	33,681,635	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2005				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	16	0.22%	$ 15,049	0.05%
2	Manufacturing	0.30%	79	1.11%	335,813	1.03%
3	Retailers	0.50%	1,360	19.09%	6,781,563	20.89%
4	Wholesalers	0.15%	483	6.78%	803,359	2.47%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.01%	1,116,703	3.44%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	3	0.04%	865,422	2.67%
7	Natural Gas Companies	3.00%	4	0.06%	438,162	1.35%
8	Water Companies	4.00%	1	0.01%	586,135	1.81%
9	All Other Public Utilities	2.00%	6	0.08%	44,245	0.14%
10	Contracting	2.00%	791	11.10%	3,573,848	11.01%
11	Amusement	0.50%	58	0.81%	376,528	1.16%
12	Service & All Other Businesses	1.00%	2,383	33.46%	13,757,357	42.37%
13	Rents and Royalties	1.00%	1,866	26.20%	1,981,182	6.10%
14	Banking and Other Financial Institutions	1.00%	72	1.01%	1,792,896	5.52%
	Totals		7,123	100.00%	$ 32,468,262	100.00%

Source: City of Charleston Revenue System

The City of Charleston imposes a Business and Occupation tax upon all business performed within the City of Charleston. Non-profit organizations are exempt from this tax. The tax is calculated by multiplying the classification(s) rate times the business' gross receipts. The City presents only five years of data instead of ten because our current customized revenue system was implemented in the fiscal year 2005 which allowed extraction of this data in summary form.

CITY OF CHARLESTON, WEST VIRGINIA
Table 10
Ratio of Outstanding General Obligation Bonds to Assessed Value, Estimated Actual Taxable Value and Net Debt Per Capita - For the Last Ten Fiscal Years

Fiscal Year	Assessed Value	Estimated Actual Taxable Value of Property	Gross Bonded Debt	Debt Service Fund	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2000	$ 2,127,257,787	$ 1,276,354,672	$ 12,442,351	$ 1,656,423	$ 10,785,928	0.51%	0.85%	202
2001	2,221,087,692	1,332,652,615	10,981,731	1,989,499	8,992,232	0.40%	0.67%	169
2002	2,452,868,321	1,471,720,993	9,435,766	2,224,206	7,211,560	0.29%	0.49%	137
2003	2,479,903,422	1,487,942,053	7,795,000	2,474,126	5,320,874	0.21%	0.36%	102
2004	2,454,272,860	1,472,563,716	6,910,000	2,589,805	4,320,195	0.18%	0.29%	83
2005	2,499,526,545	1,499,715,927	5,955,000	2,761,237	3,193,763	0.13%	0.21%	62
2006	2,531,327,042	1,518,796,225	4,930,000	2,955,244	1,974,756	0.08%	0.13%	39
2007	2,623,069,250	1,573,841,550	3,830,000	3,346,560	483,440	0.02%	0.03%	10
2008	2,651,836,470	1,591,101,882	2,645,000	3,622,601	(977,601)	-0.04%	-0.06%	(19)
2009	2,771,067,257	1,662,640,354	1,370,000	3,785,755	(2,415,755)	-0.09%	-0.15%	(48)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Assessed value does not include exempt property. The Kanawha County Assessor estimates actual taxable value of property at sixty percent.
Population data can be found in the Table of Demographic Statistics.

CITY OF CHARLESTON, WEST VIRGINIA
Table 11
Ratio of Outstanding Debt by Type -
For the Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2000	$ 12,442,351	$ 4,325,000	$ 3,603,497	$ 22,413,842	$ -	$ 42,784,690	30.85%	800
2001	10,981,731	4,235,000	4,149,658	21,811,928	87,742	41,266,059	27.91%	774
2002	9,435,766	4,135,000	3,785,174	21,135,016	67,765	38,558,721	25.68%	733
2003	7,795,000	5,228,274	3,483,971	20,413,104	83,754	37,004,103	24.63%	712
2004	6,910,000	5,115,948	3,351,270	19,641,190	47,913	35,066,321	22.92%	677
2005	5,955,000	4,887,701	11,705,822	18,076,489	15,787	40,640,799	25.39%	787
2006	4,930,000	4,650,098	11,491,961	17,056,779	-	38,128,838	22.54%	745
2007	3,830,000	4,418,825	10,987,881	16,007,070	-	35,243,776	19.82%	694
2008	2,645,000	4,147,126	11,261,072	14,917,361	-	32,970,559	17.93%	653
2009	1,370,000	3,875,679	11,232,515	13,782,652	-	30,260,846	15.82%	599

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Table 13 on Demographic Statistics for personal income and population data.

CITY OF CHARLESTON, WEST VIRGINIA
Table 12
Revenue Bond Coverage - Civic Center Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				General Fund & Coal Severance Subsidy
				Principal	Interest	Total	Coverage	
2000	$ 1,867,185	$ 2,277,377	$ (410,192)	$ 80,000	$ 356,854	$ 436,854	-93.90%	730,393
2001	1,855,981	2,189,865	(333,884)	150,000	529,130	679,130	-49.16%	1,160,028
2002	1,707,687	1,995,034	(287,347)	195,000	407,515	602,515	-47.69%	1,162,232
2003	2,230,497	2,403,291	(172,794)	210,000	511,434	721,434	-23.95%	1,112,067
2004	2,213,020	3,507,409	(1,294,389)	220,000	510,913	730,913	-177.09%	1,140,375
2005	2,801,245	3,758,036	(956,791)	230,000	504,424	734,424	-130.28%	1,091,309
2006	2,533,883	4,019,922	(1,486,039)	245,000	475,718	720,718	-206.19%	1,137,268
2007	2,848,127	4,252,177	(1,404,050)	255,000	465,415	720,415	-194.89%	1,081,807
2008	3,063,446	4,422,167	(1,358,721)	270,000	519,124	789,124	-172.18%	1,121,463
2009	2,823,229	4,391,541	(1,568,312)	280,000	434,949	714,949	-219.36%	1,812,381

CITY OF CHARLESTON, WEST VIRGINIA
Table 13
Revenue Bond Coverage - Parking System Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2000	$ 3,242,592	$ 1,414,248	$ 1,828,344	$ 525,000	$ 956,408	$ 1,481,408	123.42%
2001	3,547,799	1,440,989	2,106,810	555,000	929,638	1,484,638	141.91%
2002	3,232,847	1,444,653	1,788,194	585,000	900,148	1,485,148	120.41%
2003	2,844,789	1,524,145	1,320,644	615,000	867,995	1,482,995	89.05%
2004	3,619,020	2,506,190	1,112,830	655,000	830,341	1,485,341	74.92%
2005	3,606,556	2,473,235	1,133,321	875,000	839,929	1,714,929	66.09%
2006	3,784,728	2,591,777	1,192,951	890,000	449,604	1,339,604	89.05%
2007	4,040,726	2,716,769	1,323,957	910,000	421,403	1,331,403	99.44%
2008	3,940,591	2,653,197	1,287,394	935,000	390,455	1,325,455	97.13%
2009	3,734,111	2,546,844	1,187,267	970,000	356,450	1,326,450	89.51%

CITY OF CHARLESTON, WEST VIRGINIA
Table 14
Demographic Statistics -
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2000	53,484	$ 1,386,840	$ 25,934	4.4
2001	53,340	1,478,051	27,713	4.3
2002	52,610	1,501,489	28,549	4.8
2003	51,971	1,501,962	28,901	4.8
2004	51,813	1,529,520	29,526	4.3
2005	51,648	1,600,055	30,989	4.2
2006	51,156	1,691,217	33,068	4.6
2007	50,773	1,778,070	35,027	4.3
2008	50,478	1,838,409	36,533	4.0
2009	50,478	1,912,107	38,104	8.1

Real Estate Center at Texas A&M University
Bureau of Economic Analysis/U.S. Department of Commerce
Personal Income is based on an average annual growth rate of TPI of 4.0%
Per Capital Income is based on an average annual growth rate of PCPI of 4.3%

CITY OF CHARLESTON, WEST VIRGINIA
Table 15
Legal Debt Margin Information - Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	$ 2,771,067,257
Debt limit (5% of assessed value)	138,553,363
Debt applicable to limit:	
General obligation bonds	1,370,000
Less: amount set aside for repayment of general obligation debt	3,785,755
Total net debt applicable to limit	2,415,755
Legal debt margin	$ 140,969,118

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 96,393,094	$ 101,040,920	$ 112,412,476	$ 113,745,197	$ 112,773,976	$ 114,708,065	$ 115,320,129	$ 119,639,489	$ 132,591,824	$ 138,553,363
Total debt applicable to limit	12,442,351	10,981,731	9,435,766	7,795,000	6,910,000	5,955,000	4,930,000	3,830,000	2,645,000	1,370,000
Legal debt margin	$ 85,577,166	$ 92,048,688	$ 105,200,915	$ 108,424,323	$ 108,453,781	$ 111,514,302	$ 113,430,666	$ 119,156,049	$ 133,569,425	$ 140,969,118
Total net debt applicable to the limit as a percentage of debt limit	15%	12%	9%	7%	6%	5%	4%	3%	2%	1%

Note: Under State finance law, WV State Code §13-1-3, the City's outstanding debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

CITY OF CHARLESTON, WEST VIRGINIA
Table 16
Employment/Unemployment and Change - Last Ten Fiscal Years

Date	Employment Total	Employment % Change Year Ago	Unemployment Rate	Unemployment Unit Change Year Ago
2000	25,241	-11.7	4.4	-0.3
2001	24,880	-1.4	4.3	-0.2
2002	24,277	-2.4	4.8	0.5
2003	23,738	-2.2	4.8	0.0
2004	23,785	0.2	4.3	-0.5
2005	23,791	0.0	4.2	0.0
2006	23,950	0.7	4.6	0.4
2007	24,068	0.5	4.3	-0.3
2008	24,033	-0.1	4.0	-0.3
2009	22,916	-4.6	8.1	4.1

U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

CITY OF CHARLESTON, WEST VIRGINIA
Table 17
Kanawha County
Ten Largest Employers in Kanawha County and Rank -
June 30, 2009 and 2000

	2009			2000
Rank	Company Name	Total Employees	Employee Percentage	Company Name
1	Charleston Area Medical Center, Inc.	6,000	29%	Kanawha County Board of Education
2	Kanawha County Board of Education	5,000	24%	Charleston Area Medical Center
3	US Postal Service	4,000	19% **	Union Carbide Corporation
4	Herbert J. Thomas Memorial Hospital Association	1,300	6%	Minneapolis Postal Data Center
5	Wal-Mart Associates, Inc.	1,000	5% **	Wal-Mart Associates, Inc.
6	West Virginia Department of Highways	1,000	5% **	Herbert J. Thomas Memorial Hospital Association
7	City of Charleston Municipality	802	4%	The Kroger Company
8	The Kroger Company	700	3% **	Ticketmaster, LLC
9	West Virginia Department of Health and Human Resources	500	2% **	WV Department of Highways
10	Charleston Hospital, Inc. (St. Francis Hospital)	500	2% **	Mayflower Vehicle Systems, Inc.
	Total	20,802	100%	

Workforce West Virginia, an agency of the Department of Commerce
**This information is unavailable for these organizations, consequently, the number of employees is estimated.
This information was last updated in March of 2008.
The total employee information is unavailable for the 2000 year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 18
Operating Indicators by Function/Program -
Last Six Fiscal Years

Function/Program	Fiscal Year 2004	2005	2006	2007	2008	2009
Police						
Physical arrest	4,281	4,990	6,314	6,270	7,649	6,812
Citations written	10,402	16,460	19,946	23,494	20,804	16,217
Offenses charged	15,646	28,207	29,659	29,195	24,006	18,887
Fire						
Emergency medical responses	12,289	11,157	12,373	18,926	17,788	12,709
Fire responses	5,318	8,661	9,000	12,214	13,131	17,424
Inspections	1,064	1,019	1,019	1,156	1,124	1,138
Refuse collection						
Refuse collected (tons annually)	28,113	27,461	27,869	30,571	26,977	13,816
Recyclables collected (tons annually)	1,254	1,350	1,380	1,293	1,072	1,031
Yard waste collected (tons annually)	4,238	3,428	2,658	2,271	1,653	455
Sludge (tons annually)	3,630	2,170	2,289	5,175	5,641	2,701
Other public works						
Streets resurfaced (Miles)	Unavailable	27.50	25.58	9.30	10.56	9.40
Potholes repaired	113	83	34	177	27	57
Parking systems						
Parking violations	54,162	52,995	64,418	62,942	98,187	45,545
Civic center						
Number of events (annual average)	2,000	2,000	2,000	2,000	2,000	2,000
Municipal auditorium						
events (number of days annual average)	115-120	115-120	115-120	115-120	115-120	115-120

Sources: Various City of Charleston departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA
Table 19
Capital Asset Statistics by Function / Program -
Last Six Fiscal Years

Function/Program	Fiscal Years 2004	2005	2006	2007	2008	2009
Police						
Stations	1	1	1	1	1	1
Zone offices	5	5	5	5	5	5
Patrol units	100	90	90	94	94	94
Fire stations	8	9	9	9	9	9
Refuse collection						
Collection trucks	30	30	30	30	30	30
Other public works						
Street (miles)	300	300	300	300	300	300
Traffic signals	152	152	152	152	152	152
Parks and recreation						
Community centers	3	3	3	3	3	3
Neighborhood centers	3	3	3	3	3	3
Parks	6	6	6	6	6	6
Parks acreage	115	115	115	115	115	115
Swimming pools	5	5	5	5	5	5
Tennis courts	16	16	16	16	16	16
Parking system						
Number of parking garages	6	6	6	6	6	6
Number of parking meters	108	1,073	1,098	1,100	1,150	1,150
Civic center						
Types of facilities	6	6	6	6	6	6

Sources: Various City of Charleston Departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA

Table 20

Full-Time Equivalent City Government Employees By Function / Program

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Management	61	58	58	58	61	44	42	47	48	49
Finance	22	20	20	21	21	21	23	26	26	22
Planning	12	13	14	14	15	17	17	17	17	17
Building	6	5	4	3	3	4	14	14	14	20
Engineering	8	6	6	5	6	8	8	8	8	9
Other	46	45	48	42	52	39	32	31	32	31
Police										
Officers	182	172	163	162	164	168	171	180	179	183
Civilians	37	33	42	44	46	45	29	28	28	24
Fire										
Officers	197	196	197	197	188	190	191	187	191	188
Civilians	5	5	5	5	5	5	5	5	4	3
Other public safety	13	12	8	9	8	9	9	8	8	8
Refuse collection	77	71	58	58	72	77	69	74	66	66
Public works	84	83	97	99	97	119	120	119	118	121
Parks and recreation	106	91	76	85	88	80	90	87	93	108
Social services	10	21	18	20	21	19	19	17	21	10
Civic center	29	22	29	32	34	44	30	24	23	22
Parking system	37	37	37	37	38	36	35	28	26	25
Total	932	890	880	891	919	925	904	900	902	906

Sources: City of Charleston Payroll

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING CHARLESTON, WEST VIRGINIA

Introduction

Charleston, the county seat of Kanawha County, was originally chartered in 1794 as Charles Town and changed to the present name in 1819. The city was named by George Clendenin, one of the earliest settlers, for his father, Charles Clendenin. As the capital and largest city of West Virginia, it is located in the west central part of the state, at the confluence of the Elk River and the Kanawha River. Charleston is a commercial distribution center for the surrounding coal, petroleum, natural gas, and metal products industries.

West Virginia is centrally located in the South Atlantic Region of the United States, bound to the North by Pennsylvania and Maryland, to the East and South by Virginia, and to the West by Kentucky and Ohio.

Charleston History

Charleston was officially established on December 19, 1794. There were 35 people living in town at that time. The area began to grow around 1800 when salt brine deposits were found along the Kanawha River. West Virginia was officially declared a state by President Abraham Lincoln on June 20, 1863. By the end of the Civil War, the fledgling government was being formed and struggling to come together effectively. The state capital was not set, moving between Charleston and Wheeling until 1885.

Population Overview
2008 Census Estimate

	Charleston	WV	US
Total population	50,302	1,814,468	304,059,724
Square miles (land)	31.60	24,078	3,537,438
Population per sq. mile	1,591.8	75.36	85.95
Gender			
Male	46.6*	49.0%	49.3%
Female	53.4*	51.0%	50.7%
Age			
18 or younger	20.7*	21.3%	27.4%
18-24	8.5*	8.7%	6.7%
25-44	27.9*	25.9%	27.4%
45-64	25.3*	28.4%	25.7%

Population Overview
2008 Census Estimate

	Charleston	WV	US
65+	17.6%*	15.7%	12.8%
Average age (years)	40.59*	42.0	36.8

Race & Ethnicity	Charleston	Charleston	WV	US
White	43,072*	80.6%*	93.5%	65.6%
Black or African American	8,048*	15.1%*	3.5%	12.2%
American Indian & Alaska native	127*	0.2%*	0.2%	0.8%
Asian	979*	1.8%*	0.7%	4.4%
Native Hawaiian & other Pacific Islander		0.0%*	0.0%	0.1%
Some other race	158*	0.3%*	0.9%	1.5%
Hispanic or Latino	432*	0.8%*	1.1%	15.4%

Sources: US Census Bureau, 2008 Census Estimate,
*US Census 2000, being most recent data available

Healthcare

Charleston is home to the 78th largest community health care system, including the nation's second largest cardiac care program, a Level I trauma center and a women and children's hospital. Regional patient capacity exceeds 1,600 beds encompassing four general acute care hospitals, two specialty hospitals and numerous clinics. The Charleston area enjoys a reputation as a leader in start-of-the-art health care facilities and specialties.

The area has become a major center of specialized care and advanced medical training, providing complete health services in modern well-equipped institutions. Charleston is home to the State's largest hospital complex, the Charleston Area Medical Center, with approximately 962 beds. It is the home of the Charleston Division of the West Virginia University School of Medicine. In addition, there are other hospitals operating in the area with approximately 530 licensed beds at Thomas Memorial Hospital and St. Francis Hospital.

Charleston Area Medical Center - Memorial Division, Specializes in Cardiac and Cancer diagnosis and treatment.

Charleston Area Medical Center - General Division, Level 1 Trauma Center, Neuroscience, Medical Rehabilitation Center, Behavioral Medicine, Psychiatry, Physical and Occupational Therapy, Transitional Care, Orthopedics. This hospital is one of only 2 kidney transplant centers in West Virginia and has the State's only accredited sleep center.

Women's & Children's Hospital, Specializes in Pediatrics, Obstetric & Gynecology.

Thomas Memorial Hospital, A full service facility offering inpatient, outpatient and emergency care. Also includes: Heart Center, the Cancer Center of Southern West Virginia with a patient support system; Diabetes Center, clinics and medical-surgical inpatient services.

St. Francis Hospital, a full service facility offering inpatient, outpatient and emergency care. This facility also offers a comprehensive program for treating lung disease and a sports medicine program.

Utilities and Services

One of the nation's largest investor-owned utility holding companies, American Electric Power, provides low-cost electricity to the Charleston area. Rates are lower than the national average because of AEP's highly efficient power plants, high voltage transmission systems, and easy access to West Virginia's coal supply.

A mix of corporate entities and public utilities provide water, wastewater and natural gas service to the Charleston area. West Virginia- American Water Company provides water service to most residents of Kanawha County. WVAWC is the State's largest water supplier with 50-MGD of production capacity.

Employment

Labor Force Statistics - Kanawha County

	2004	*2005*	*2006*	*2007*	*2008*	*2009*
Civilian Labor Force	91,480	91,47	92,020	92,31	91,87	89,880
Total Employment	87,160	87,19	88,250	88,81	88,69	83,510
Total Unemployment	4,310	4,290	3,770	2,960	3,180	6,370
Unemployment Rate	4.7%	4.7%	4.1%	3.8%	3.5%	7.1%

Source: Workforce WV

Leading Employers

Major industries in the Charleston region include healthcare, services, government, chemicals, education and components manufacturing. There are more than 6,000 businesses in Kanawha County — representing more employment opportunities than any other county in West Virginia. New and expanding businesses benefit from assistance programs at both the State and local levels.

The region's largest employers in 2008:

State Government	10,550
Local Government	8,400
Charleston Area Medical Center	6,000
Kanawha County Schools	5,000
Federal Government	2,600
Wells Fargo	1,500
Toyota Motor Manufacturing	1,350
Thomas Memorial Hospital	1,300
Verizon	1,200
The Dow Chemical Company	1,000
Walker Machinery Company	750
Bayer CropScience	600
Capital Area Services Company	600
Tri-State Racing & Gametrack	600
Columbia Gas Transmission	450

Source: Charleston Area Alliance

Transportation

Residents of Charleston have immediate access to a full range of transportation services - highway, air, rail and water. It is a feature that gives the Charleston area an edge for attracting new businesses to the region.

The convergence of three interstate highways, 1-64, 1-77, and 1-79 interconnecting Charleston as well as Appalachian Corridor "G" (US Rt. 119) brings the area within overnight road-travel distance of 60% of the nation's principal industrial and commercial markets. Charleston is one of 13 cities in the nation where three interstate highways converge. East-West 1-64 extends from Norfolk, Virginia to St. Louis, Missouri; North-South 1-77 from Cleveland Ohio to Columbia, South Carolina; northeast-southwest 1-79 from Erie, Pennsylvania to Charleston, extending to Pikeville, Kentucky via US Rt. 119. In addition to the superhighways, three national and several state highways presently serve the MSA.

Over 40 motor freight companies operate in the Kanawha Valley, of which over 20 maintain terminals, making the area one of the major trucking centers in the Eastern United

States. The nation's eight largest motor freight companies are among those with terminals in Charleston. Charleston is the most direct route from the Upper Midwest to the Southeast and serves as a logical transfer point for shipments.

The Greyhound Bus Lines offers interstate and intrastate services, with both freight and passenger capacity.

Local bus service is furnished by the Kanawha Regional Transportation Authority. It operates a 60+ fleet bus system throughout the Kanawha Valley. The system, commonly know as the KRT, serves approximately 20 routes covering nearly 200 miles. Service is provided 7 days a week from 4:00 a.m. to 1 a.m.

Yeager Airport, West Virginia's largest and busiest airport, offers 32 daily departures and arrivals and is located 5 minutes from downtown Charleston. Yeager is a U.S. Port of Entry for the federal Customs service.

Two of the nation's primary rail lines, CSX Transportation and Norfolk Southern Railways, provide economical freight services for the area's industrial shippers. Amtrak operates a passenger terminal in Charleston.

Government

Charleston City Council represents the interests of their constituents by responding to inquiries, suggestions and complaints regarding City programs and services. They govern through legislative, administrative, and financial powers and have the ability to levy taxes, enact ordinances and resolutions, and exercise budgetary and policy control over city departments.

The 27 Council Members are elected by ward for four-year terms with 21 members representing various wards as determined by ward boundaries and 6 At-Large members serving the entire City. Council has both Majority and Minority Leaders, who are selected by their respective parties during party caucuses. The President Pro-Tempore is elected by the entire City Council.

Kanawha County is governed by, and generally acts through, The County Commission of Kanawha County. The present Commissioners, elected on a countywide basis, are W. Kent Carper, President, Henry C. Shores and David J. Hardy. The County exists and operates pursuant to the authority given to it under Article 1 of Chapter 7 of the Code of West Virginia of 1931, as amended. The County seat is located in Charleston.

Source: City of Charleston

Communications

Charleston has two main newspapers, *The Charleston Gazette* and *Charleston Daily Mail.* TV Stations include WCHS/WVAH, WOWK, WSAZ and WPBY that broadcast throughout the county. Sixteen radio stations serve the Charleston area on both AM/FM frequencies.

Housing

While home styles vary from comfortable country farmhouse to a stylish hillside contemporary, value is consistent. The median sale price in Charleston, according to the Coldwell Bank Home Price Comparison Index, 2008, (Based on 2,200 sq. ft., 4 bedrooms, 2.5 baths, family room, 2-car garage) is $179,050. Competitive home prices, combined with property taxes that are among the lowest in the nation, mean "more house for less money."

Cost of Living

Charleston is an affordable city with countless amenities that make it one of the most desirable places in the East to work and play.

The ACCRA Cost of Living Survey consistently ranks the Charleston MSA below 93.0 versus the nationwide benchmark of 100.0 for affordable living. The 2008 Annual Average Data ranks the Charleston MSA at 92.3.

Source: Charleston Area Alliance

Cultural/Arts

Performing arts include West Virginia Symphony Orchestra, Charleston Light Opera Guild, Kanawha Players, Children's Theater of Charleston and the Charleston Ballet. Mountain Stage is broadcast nationwide from Charleston each Sunday.

The Clay Center for the Arts and Sciences houses a science museum, art museum, planetarium and a concert hall.

Economic Statistics

Employment and Wages

Employment, Annual Average 2008	108,224
Total Wages, Annual 2008	$4,293,170,950
Annual Wage, Annual Average 2008	$39,669
Weekly Wage, Annual Average 2000	$762.87

Source: Workforce WV

Nearby Metropolitan Cities Distance (miles)

Huntington, WV	53
Parkersburg, WV	79
Columbus, OH	212
Pittsburgh, PA	227

Climate

Temperature Mean Annual Average: 55 degrees

January Averages:	*High* 41	*Low* 23
July Averages:	*High* 86	*Low* 64

Long Term Precipitation (inches)

Annual:	42.5
January	2.9
July:	5.0

Mean Annual Snowfall Range (inches): 25-40

Source: Workforce WV

Recreation

Recreation activities in the area include boating, whitewater rafting and golfing. Kanawha State Forest provides for hiking, walking, biking, camping, swimming and horseback riding. It is one of thirteen public parks and campgrounds located within the region.

Magic Island and Haddad Riverfront Park provide boating and other recreational opportunities. Local marinas and boat clubs provide river access and amenities to local boaters.

Snowshoe Resort, Winterplace and Canaan Valley Resort offer downhill skiing and are a day trip from Charleston.

Source: Charleston Area Alliance

Colleges & Universities

Local colleges and universities are progressive partners with industry, providing customized training, research support and advanced degree programs. The Charleston region is focused on attracting world-class talent to support an expanding base of highly technical domestic and international companies.

Five fully accredited colleges and universities serve the Charleston region offering quality undergraduate and graduate degree programs. These institutions maintain a total enrollment in excess of 20,000 students annually.

Marshall University
Southern WV Community and Technical College
University of Charleston
WV State University
WVU Institute of Technology

Additionally, superior vocational schools and an adult career centers offer nearly forty programs of study.

Source: Charleston Area Alliance

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

$2,225,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$55,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the City of Charleston, a governmental instrumentality and a political subdivision of the State of West Virginia (the "City"), in connection with the issuance of $2,225,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds") and $55,000 Charleston Building Commission (West Virginia) Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Taxable) (the "Series 2010B Bonds," and, together with the Series 2010A Bonds, the "Series 2010 Bonds"). The Series 2010 Bonds are being issued pursuant to an Ordinance enacted by the Charleston Building Commission, a municipal building commission and public corporation of the State of West Virginia (the "Issuer") on January 15, 2010 and a supplemental resolution adopted by the Issuer on February 16, 2010 (collectively, the "Ordinance"). The City covenants and agrees as follows:

SECTION 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Series 2010 Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Trust Indenture ("Indenture") dated as of February 1, 2010 between the Issuer and The Bank of New York Mellon, West Paterson, New Jersey, as Trustee, and the Purchase Agreement dated February 18, 2010 between the Issuer and the Participating Underwriter, as approved by the City, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the City, provided at least annually, of the type included in those sections of the final official statement with respect to the Series 2010 Bonds attached thereto as Appendix A, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a qualified independent auditor.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall initially mean the City and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean the original underwriter of the Series 2010 Bonds who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

"Repository" shall mean the National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

"Underwriter" shall mean Crews & Associates, Inc., the original underwriter of the Series 2010 Bonds, who is required to comply with the Rule in connection with offering of the Series 2010 Bonds.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the City's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2010, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Certificate. The Annual Financial Information and Audited Financial Statements may be

submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate. If the City's fiscal year changes, the City shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repositories its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Financial Information and Audited Financial Statements the name and address of each National Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Certificate, stating the date it was provided and listing the Repositories to which it was provided.

(d) Effective on July 1, 2009 and thereafter, all documents provided to the Municipal Securities Rulemaking Board shall be provided in an electronic formant and shall be accompanied by identifying information as prescribed by the Municipal Securities Rulemaking Board.

SECTION 4. Content of Annual Financial Information and Audited Financial Statements. The City's Annual Financial Information and Audited Financial Statements shall contain or include by reference the following:

Within 180 days of the City's 2010 fiscal year-end, and each subsequent fiscal year, for delivery, to each Repository, in the format required by the Rule, such information and data of the City for the prior fiscal year, including the audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Series 2010 Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities except as provided by the Indenture;

11. rating changes.

(b) Whenever the City obtains knowledge of the occurrence of any of the Listed Events, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with each Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2010 Bonds. If such termination occurs prior to the final maturity of the Series 2010 Bonds, the City shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2010 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2010 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2010 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2010 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Series 2010 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the City or Dissemination Agent to comply with this Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Certificate shall inure solely to the benefit of the City, the Underwriter and Holders and Beneficial Owners from time to time of the Series 2010 Bonds, and shall create no rights in any other person or entity.

Date: February 25, 2010

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)

Name of Issue: $2,225,000 CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED); $55,000 CHARLESTON BUILDING COMMISSION (WEST VIRGINIA) LEASE-REVENUE REFUNDING BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT) SERIES 2010B (TAXABLE)

Date of Issuance: February 25, 2010

Notice is hereby given that the City has not provided an Annual Report with respect to the above-named bonds as required by its covenant made in connection with the above-referenced bond issue. The City anticipates that the Annual Report will be filed by _____.

Dated this ___ day of _____, 20__.

CITY OF CHARLESTON (WEST VIRGINIA)

By: _____
Mayor

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

Jackson Kelly PLLC, Bond Counsel, proposes to issue its approving opinion in substantially the form set forth below upon the issuance of the Bonds.

[February 25, 2010]

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

The City of Charleston, West Virginia
P.O. Box 2749
Charleston, West Virginia 25330

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Charleston Building Commission (the "Issuer") of its $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), dated the date hereof (the "Series A Bonds"), and its $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), dated the date hereof (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to Chapter 8, Article 33, Chapter 8, Article 16, and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Bonds are being issued for the purpose of currently refunding and redeeming certain outstanding Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, of the Issuer (the "Bonds To Be Refunded"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. All capitalized terms

used herein and not otherwise defined herein shall have the same meanings set forth in the Indenture when used herein.

The Issuer and Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation (the "Corporation"), have entered into an Agreement and Lease dated as of February 1, 2010 (the "Lease"), pursuant to which the Issuer has agreed to lease the Equipment to the Corporation. The Corporation, in turn, has entered a First Amendment to Equipment Lease dated as of February 1, 2010, amending its existing Equipment Lease dated as of June 1, 1999 (together, the "Sublease"), with The City of Charleston, West Virginia, a municipal corporation and political subdivision of the State of West Virginia (the "City"), pursuant to which the Corporation has agreed to sublease the Equipment to the City. Under the Sublease, the City has agreed to make rental payments in amounts and at times sufficient to pay, among other things, the principal of and interest on the Bonds when due; provided, that the Sublease and, in turn, the Lease are terminable as described therein. Pursuant to the Indenture, the Issuer has assigned to the Trustee its right, title and interest in the Lease and the rentals thereunder (except for certain retained rights), including its assigned right, title and interest in the Sublease and the rentals thereunder, as security for the Bonds. The Bonds are further secured under the Indenture by a lien on the Equipment.

Reference is made to an opinion of even date of counsel to the City, with respect to, among other matters, the City's power to enter into and perform the Sublease, the authorization, execution and delivery of the Sublease by the City and the binding effect and enforceability of the Sublease on and against the City. Reference is also made to an opinion of even date of counsel to the Issuer, with respect to, among other matters, the creation and valid existence of the Issuer, the enactment of the Ordinance and the execution and delivery of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer, the Corporation and the City in the Lease, the Sublease and the Indenture, the Tax Certificate (hereinafter defined) and the certified proceedings and other certifications furnished to us by or on behalf of the Issuer, the Corporation and the City, without undertaking to verify the same by independent investigation.

We have not examined title or any other records relating to liens, charges, encumbrances or security interests on or in the rights and property on and in which the Lease, the Sublease and the Indenture purport to grant liens or security interests. No opinion is expressed herein as to ownership or title matters, including, without limitation, the recording of the Lease, the Sublease or the Indenture or the filing under the Uniform Commercial Code, or as to the priority of any lien, charge, encumbrance or security interest. Further, no opinion is expressed herein as to the Bonds To Be Refunded.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public corporation and municipal building commission under the laws of the State of West Virginia with corporate power to enter into and perform the Lease and the Indenture and to issue the Bonds.

2. The Lease and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer, except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting the rights and remedies of creditors, general principles of equity, public policy and the exercise of judicial discretion.

3. The Indenture creates an assignment of the Issuer's right, title and interest in the Lease, including its assigned right, title and interest in the Sublease, and a security interest in and lien of the Issuer's interest in the Equipment and to the rents and other payments made under the Lease (except certain rights to payment of expenses, which are retained by the Issuer).

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special and limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series A Bonds will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals or corporations.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds in order that, for federal income tax purposes, interest on the Series A Bonds is not includable in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Series A Bond proceeds, restrictions on the investment of Series A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

On the date hereof, the Issuer, the Corporation and the City are executing a Tax and Non-Arbitrage Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Issuer, the Corporation and the City covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Series A Bonds will not, for the purposes of federal income taxation, be includable in gross income.

The opinions set forth in the preceding paragraphs are subject to the condition that the Issuer, the Corporation and the City comply, on a continuing basis, with all representations,

covenants and certifications set forth in the Indenture, the Lease, the Sublease, the Tax Certificate and other documents related thereto, and we have not undertaken to determine or to inform any person whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the excludability from gross income for federal income tax purposes of interest on, the Series A Bonds.

6. The Series A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. The provisions of this Paragraph 6 are subject to the continuing requirements relating to tax-exemption described in Paragraph 5 above.

7. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series B Bonds is includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code.

8. The Bonds and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Lease, the Sublease and the Indenture and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, that their enforcement may also be subject to the general principles of equity and exercise of judicial discretion in the appropriate cases and that certain remedies under the Lease, the Sublease and the Indenture may be limited by public policy or such judicial discretion.

We have examined the executed and authenticated Bond No. AR-1 of the Series A Bonds and Bond No. BR-1 of the Series B Bonds, and, in our opinion, said Bonds are in proper form and have been duly executed and authenticated.

This opinion speaks only as of the date hereof. We have not assumed any duty to, and will not, update this opinion due to changes in facts or law.

Yours very truly,

JACKSON KELLY PLLC

APPENDIX E

PRINCIPAL DOCUMENTS

The following are substantial forms of the Bond Trust Indenture, Lease Agreement and the First Amendment to 1999 Sublease. The Issuer, Trustee and City reserve the right to make non-substantive changes to the documents. The 1999 Sublease is also attached.

BOND TRUST INDENTURE

Between

CHARLESTON BUILDING COMMISSION,

as Issuer

and

THE BANK OF NEW YORK MELLON,

as Trustee

Dated as of February 1, 2010

Relating to

$2,225,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

$55,000

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

BOND TRUST INDENTURE

This Bond Trust Indenture, dated as of February 1, 2010, between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission, organized and existing under and by virtue of the laws of the State of West Virginia, as issuer (the "Issuer"), and **THE BANK OF NEW YORK MELLON**, a New York banking corporation with trust offices in West Paterson, New Jersey, and authorized to exercise trust powers within in the State of West Virginia, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), The City of Charleston, West Virginia (the "City"), enacted an ordinance on May 19, 1980, creating the Charleston Building Commission, a public corporation with perpetual existence and a municipal building commission within the meaning of the Enabling Act (as previously defined, the "Issuer");

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the governing body of the City may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (formerly, Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation (the "Corporation") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and this Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of a Lease and Agreement dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease") and of the 1999 Sublease as amended by a First Amendment to Equipment Lease to be dated as of February 1, 2010 (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $2,211,505.30, being par, less an original issue discount of $11,494.70 and an underwriting discount of $57,000;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in this Indenture will be secured by the Trust Estate created hereunder, including by a security interest in the Equipment and a collateral assignment of the Lease and the rentals thereunder and any other property or funds pledged under this Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer;

WHEREAS, the Bonds and the certificates of authentication and registration to be endorsed thereon are to be in substantially the forms set forth in Exhibit A and Exhibit B attached hereto, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to the Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in the Lease, the Sublease and this Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish a public purpose and are necessary, appropriate and required for the City; and

WHEREAS, all things necessary to make the Bonds, when registered and issued as in the Ordinance and this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge herein made of the rentals and revenues derived from the Lease to the payment of the principal of, premium, if any, and interest on the Bonds, a valid assignment of the rights of the Issuer under the Lease and a valid grant of a security interest in the Equipment have been done and performed, and the creation, execution and delivery of this Indenture, and the authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and mutual covenants herein contained and of the purchase of the Bonds and of other good and lawful consideration, the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the Bonds and the performance and observance of all the covenants and conditions herein or therein contained, has executed and delivered this Indenture, and has conveyed, granted, assigned, transferred, pledged, set over and confirmed, mortgaged and granted a security interest and by these presents does hereby convey, grant, assign, transfer, pledge, set over, confirm, mortgage and grant a security interest unto the Trustee, its successor or successors and its or their assigns forever, with power

of sale, all and singular, the property, real and personal, hereinafter described, subject only Permitted Encumbrances (said property being herein sometimes referred to as the "Trust Estate"), to wit:

I.

All rights, title and interests of the Issuer in and to the Equipment;

II.

All rights, interests and privileges of the Issuer in, to and under the Lease, including but not limited to, all rentals and revenues received by the Issuer from the leasing of the Equipment (except for the payment of the expenses of the Issuer referred to in item (3) of Section 4.02), and the collateral assignment by the Corporation of the Sublease and the rentals thereunder;

III.

All moneys and securities from time to time held by the Trustee under the terms of this Indenture;

IV.

All proceeds of any of the items and security described in Granting Clauses I through III, above; and

V.

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Issuer or on its behalf to the Trustee, which is hereby authorized to receive the same at any time as additional security hereunder, however, there is expressly excluded from any conveyance, grant, transfer, pledge and security interest the Rebate Fund and any and all moneys, amounts and investments therein.

TO HAVE AND TO HOLD, all and singular, the Trust Estate and the rights and privileges hereby conveyed, assigned and pledged, by the Issuer or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, with power of sale for the equal and pro rata benefit and security of each and every Registered Owner of the Bonds issued and secured hereunder, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one such Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Bonds shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

SUBJECT, NEVERTHELESS, as to the properties conveyed, assigned and pledged hereby and to which a security interest is granted hereunder, to Permitted Encumbrances as herein defined;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, together with any premium due thereon, according to the provisions set forth in the Bonds and each of them, or shall provide for the payment or redemption of such 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 hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, determine, and become void, and thereupon the Trustee, upon payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release in respect of the Trust Estate as may be necessary or proper to discharge this Indenture of record and, if necessary, shall grant, reassign and deliver to the Issuer, its successors or assigns, all and singular, the property, privileges and interests by them hereby granted, conveyed and assigned, and all substitutes therefor, or any part or portion thereof not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED by and among the parties hereto that the Bonds are to be issued, registered and delivered, and that all the pledged property and Trust Estate is to be held and applied, subject to the further covenants, conditions, releases, uses and trusts hereinafter set forth, and the Issuer, 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 the Registered Owners of such Bonds or any of them as hereinafter set forth.

ARTICLE I

DEFINITIONS.

Section 1.01. Terms Defined. In addition to terms defined elsewhere herein and in the Lease (including the recitals herein and in the Lease), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations, and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bond Fund" means the fund so designated and created in Section 5.01 of this Indenture.

"Bondholder," "Holder, "Owner of the Bonds," "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered in accordance with the provisions hereof. .

"Bond Year" means the period beginning on the date of issuance of the Bonds and ending at the close of business on June 1, 2010, and, thereafter, each one-year period that begins on June 2 of each calendar year and ends at the close of business on June 1 of the succeeding year, unless otherwise required under the Code.

"Business Day" means any day on which the office of the Trustee designated in Section 15.03 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision thereof.

"Corporation" or "Sublessor" means Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation, formerly known as Center for the Arts and Sciences of West Virginia, Inc.

"Date of Registration" means the date of authentication and registration of a Bond by the Registrar pursuant to Section 2.04 hereof.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by this Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Escrow Fund" means the fund created under the Escrow Agreement for deposit of a portion of the proceeds of the Bonds to effect the defeasance and redemption of the Bonds To Be Refunded.

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

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Indenture, begins on July 1 and ends on the next succeeding June 30.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the United States of America.

"Indenture" means this Bond Trust Indenture, as it may from time to time be amended or supplemented.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including as applicable, but not limited to:

(i) Underwriter's spread (whether realized directly or derived through purchase of the Bonds at a discount);

(ii) Counsel fees and expenses (including bond counsel, Underwriter's counsel, the Issuer's counsel and the City's counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(iii) Trustee fees and Trustee's counsel fees, costs and expenses in connection with the borrowing;

(iv) Escrow Agent fees and counsel fees, costs and expenses in connection with refunding and redeeming the Bonds To Be Refunded;

(v) Accountant fees (e.g., accountant verifications in the case of refunding and defeasing the Bonds To Be Refunded);

(vi) Printing costs (for the Bonds and of the preliminary and final offering materials); and

(vii) Costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Act, and any successor in function.

"Lease" means the Agreement and Lease, of even date herewith, between the Issuer, as lessor, and the Corporation, as lessee, and all amendments thereof and supplements thereto.

"Lease Term" shall have the meaning assigned to such term under Section 4.01 of the Lease.

"Minimum Denomination" means $5,000.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all costs and expenses (including attorneys' fees, costs and expenses and any expenses of the Trustee or the City) incurred in the collection of such gross proceeds.

"Operating and Maintenance Expenses" means and includes, with respect to the Equipment and with respect to the period of determination, all necessary current, direct operating expenses (including management, wages and costs of supplies), current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated shares of charges for insurance and utilities, and all other direct expenses relating to the use and operation of the Equipment, but excluding, however, Rent, depreciation, capital expenditures, all indirect and general administrative expenses of the City or the Corporation and charges for renewal and replacement.

"Outstanding," "Bonds outstanding" or any similar term, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, all Bonds which have been theretofore authenticated and delivered by the Trustee under this Indenture, except:

(A) Bonds cancelled or required to be cancelled by the Trustee at or prior to such date;

(B) Bonds for the full payment of the principal of and interest on which cash shall have been theretofore deposited with the Trustee and which (i) shall have been matured by their terms but shall not have been surrendered for payment or (ii) shall have been purchased by the Trustee but shall not have been presented for payment;

(C) Bonds for the redemption of which cash or Government Obligations shall have been theretofore deposited with the Trustee pursuant to Article III or Article XII hereof; provided that (i) notice of redemption shall have been given as provided in Section 3.05 hereof or waiver of such notice, satisfactory in form to the Trustee, shall have been filed with the Trustee, or (ii) provisions to call all the Bonds for redemption shall have been made as provided in Article XII hereof; and

(D) Bonds in lieu of which others have been authenticated and delivered.

"Paying Agent" means the Trustee.

"Permitted Encumbrances" means the Lease, the Sublease and this Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the City;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of this Indenture and subject to Section 5.05 of the Lease.

"Person" means a natural person, firm, association, corporation or public body.

"Qualified Investments" means and include any of the following securities, if and to the extent the same are at the time legal investments by the Issuer of the funds to be invested therein, all such securities to be held by the Trustee and in which the Trustee must have a perfected first security interest free of any third party claims:

(1) Government Obligations;

(2) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(3) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Bank for Cooperatives; Farmers Home Administration; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Farm Credit Bank; Export- Import Bank of the United States; Federal Financing Bank; Federal Land Banks; Government National Mortgage Association (or any other agency or instrumentality of the United States of America, created by an Act of Congress, substantially similar to the foregoing in its legal relationship to the United States of America); Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(4) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(5) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(6) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (1) through (4) above;

(7) Repurchase agreements, fully secured by investments of the types described in paragraphs (1) through (4) above, with banks or national banking associations which are members of FDIC, including the Trustee, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements;

(8) Units of participation in a mutual fund managed by an investment company registered under the Investment Advisors Act of 1940, as amended, provided that such units of participation have a maturity of less than 1 year, that such fund is required to maintain a constant net assets value, that the assets of such fund are not less than $10,000,000, and that the securities which may be purchased for the portfolio of such fund are limited to the obligations of the kind described in (1) above;

(9) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

(10) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for Federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc., or Standard & Poor's Rating Service.

"Rebate Fund" means the Rebate Fund created pursuant to Section 7.02 hereof.

"Registrar" or "Bond Registrar" means the Trustee.

"Series A Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), authorized hereby in the aggregate principal amount of $2,225,000.

"Series B Bonds" means the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), authorized hereby in the aggregate principal amount of $55,000.

"Sublease" means the Equipment Lease dated as of June 1, 1999, as amended by the First Amendment to Equipment Lease dated as of February 1, 2010, both between the Corporation, as Sublessor, and the City, as Sublessee.

"State" means the State of West Virginia.

"Trustee" means The Bank of New York Mellon, a New York banking corporation, and any successor or successors thereto or assigns thereof, as trustee under this Indenture.

"Written Request" means a request in writing signed by an Authorized Representative of the City.

Any requirement for execution of this Indenture, the Bonds, the Lease, the Sublease or any certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Section 1.02. Exhibit. The following Exhibit is attached to and by reference is hereby made a part of this Indenture:

EXHIBIT A: FORM OF SERIES A BOND
EXHIBIT B: FORM OF SERIES B BOND

ARTICLE II

THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. The aggregate principal amount of Series A Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $2,225,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with AR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter. The aggregate principal amount of Series B Bonds which may be executed by the Issuer and authenticated and delivered by the Trustee and secured by this Indenture is limited to $55,000, initially represented by a single Bond for each maturity, numbered sequentially upward, beginning with BR-l, and payable to the order of Cede & Co. or such other name as shall be requested by the Underwriter.

Section 2.02. Issuance and Delivery of Bonds; Maturity. (A) The Bonds shall be issued in two series, designated (i) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified)," in the aggregate principal amount of $2,225,000 and (ii) "Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)," in the aggregate principal amount of $55,000.

(B) The Bonds shall be dated as of the date of delivery thereof, shall be issued only as fully registered Bonds and shall be mature on June 1 of each of the years, and shall bear interest, payable on June 1 and December 1 of each year, beginning June 1, 2010, at the rates, all as set forth below.

Series A

Maturity Date	Amount	Interest Rate
2013	$380,000	3.100%
2017	$590,000	3.625%
2019	$330,000	4.000%
2022	$530,000	4.125%
2024	$395,000	4.375%

Series B

Maturity Date	Amount	Interest Rate
2011	$55,000	4.250%

(C) The Issuer shall execute and the Trustee shall authenticate and deliver the Bonds, as may be directed by the Issuer, upon the filing with the Trustee of the following:

(i) A certified copy of the Ordinance of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Lease and this Indenture;

(ii) A certified copy of the ordinance of the City Council, approving the Sublease;

(iii) A certified copy of the resolution of the Board of Directors of the Corporation, approving the Lease;

(iv) Executed counterparts of the Lease and the Sublease;

(v) An executed counterpart of this Indenture;

(vi) A request and authorization to the Trustee by the Issuer, signed by the Chairman of the Issuer, to authenticate and deliver the Bonds to the Underwriter, upon payment to the Trustee or the Escrow Agent, as applicable, for the account of the Issuer, of the purchase price thereof; and

(vii) An approving legal opinion of Bond Counsel.

Section 2.03. Execution. The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Chairman and attested with the manual or facsimile signature of its Secretary and shall have affixed, imprinted or otherwise reproduced thereon a facsimile of the corporate seal of the Issuer. In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 2.04. Authentication and Registration. All Bonds shall have endorsed thereon a certificate of authentication and registration duly manually executed by the Trustee. No Bond shall be valid or entitled to any security or benefit under this Indenture unless and until such certificate of authentication and registration shall have been duly executed manually by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Indenture. The Trustee's certificate of authentication and registration on any Bond shall be deemed to have been executed by it if signed by an authorized officer, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 2.05. Form of Bonds. The Series A Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit A hereto, and the Series B Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Exhibit B hereto, each with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Bonds. In the event that any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute, and the Trustee shall authenticate and deliver, in lieu of any such mutilated, lost, stolen or destroyed Bond, a new Bond of like tenor and denomination as the Bond mutilated, lost, stolen or destroyed; Provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee and canceled, and, in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence to its satisfaction of such loss, theft or destruction, together with such security or indemnification as may be required by the Issuer, the City and the Trustee to save them harmless. In the event any such Bond shall have matured, the Trustee may, instead of issuing a substitute Bond, pay the same from amounts held in the Bond Fund created with respect to such Bond and available for purposes of such payment. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees, costs and expenses in this connection, including reasonable attorneys' fees, costs and expenses.

Section 2.07. Bond Registrar. So long as any of the Bonds remain outstanding, the Trustee, as agent for the Issuer, shall act as Bond Registrar and maintain at its office in West Paterson, New Jersey, a register for the registration and transfer of the Bonds for the Issuer (the "Bond Register"), whereby such Bonds may be presented for registration of transfer and for exchange as provided in this Indenture.

Section 2.08. Transfer, Registration of Transfer and Exchange. Bonds shall be transferable only by transfer of registration upon the Bond Register, which shall be established and maintained by the Registrar on behalf of, and as agent of, the Issuer.

After initial registration, no registration of transfer thereof shall be valid unless made on the Bond Register at the written request of the registered owner or his duly authorized attorney or legal representative and similarly noted on such Bond. Upon the transfer of registration of any Bond, the Issuer shall issue a new bond to the transferee in the principal amount of such Bond then outstanding, otherwise subject to the terms, rate of interest, provisions for payment and other terms and conditions set forth herein. No interests in any Bond shall be transferable except by means of registration of transfer of a Bond representing such interest in accordance with this Section 2.08.

At the expense of the Bondholder requesting such exchange, Bonds may be exchanged at the corporate trust office of the Trustee as designated pursuant to Section 15.03 for an equal aggregate principal amount of Bonds of the same series in denominations of $5,000 or integral multiples thereof. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then Outstanding.

The Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of mailing of a notice of redemption pursuant to Section 3.05 hereof, or (b) any Bonds called for redemption.

Section 2.09. Fees. For every exchange or transfer of Bonds, the Trustee or Issuer, as applicable, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Holder requesting such exchange or transfer.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment of principal thereof and premium and interest thereon or on account thereof and for all other purposes whether or not such Bond is overdue.

Section 2.10. Cancellation. All Bonds which have been redeemed and all registered Bonds which have been surrendered to the Trustee in an exchange or transfer shall be cancelled and destroyed by the Trustee in its customary manner and shall not be reissued. Copies of the certificate of destruction shall be furnished by the Trustee to the Issuer and the City.

Section 2.11. Limited Obligations. The Bonds shall be special and limited obligations of the Issuer. The Bonds shall be payable solely out of revenues and rentals derived from, or in connection with, the Lease and the Trust Estate pledged hereunder. The Bonds shall never constitute an indebtedness of the State, the City or the Issuer within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the State, the City or the Issuer. The Bonds shall never be a charge against or pledge of the faith and credit or taxing power of the State, the City or the Issuer. The owners of the Bonds shall have no right to have taxes levied by the Legislature of the State or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bonds.

Series 2.12. Book-Entry System. **The Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in this Section. One Bond of each maturity of each series shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.**

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such

Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest and redemption premium, if any, with respect to the Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Bonds, shall be paid by the Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket Authority Letter of Representation that has been executed and delivered by the Issuer to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Issuer, the City and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Issuer or the City determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Trustee shall, at the request of the Issuer or the City, discontinue the book-entry system with DTC. If the Issuer or the City, as applicable, fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Indenture, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "AR" and numbered separately from "1" upward with respect to the Series A Bonds and lettered "BR" and numbered separately for "1" upward with respect to the Series B Bonds, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE ISSUER, THE CITY AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF

THIS INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Limitation on Redemption. The Bonds shall be subject to redemption as provided in this Article III.

Section 3.02. Optional Redemption.

A. The Series A Bonds maturing on and after June 1, 2017, shall be subject to optional redemption by the Issuer, upon written direction of the City, prior to their stated maturities on or after June 1, 2015, at the redemption price of par plus interest accrued thereon to the date set for redemption.

B. The Bonds shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease, the Sublease or this Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

Section 3.03. Redemption Requests. Redemption shall be made pursuant to Section 3.02 A or B hereof on an authorized date selected by the City, which date shall be not less than 30 days nor more than 120 days after receipt by the Trustee of a certificate of an Authorized Representative of the City, on behalf of the Issuer, (i) requesting that the Bonds be redeemed pursuant to Section 3.02, (ii) stating the principal amount of the Bonds to be so redeemed and the authorized date upon which the same will be redeemed; (iii), if appropriate, stating that an event described in Section 3.02 B has occurred and identifying such event; and (iv) if appropriate, stating the source of the funds expected to be used to effect the redemption.

Section 3.04. Mandatory Sinking Fund Redemption.

A. The Series A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

B. The Series B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the

redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Section 3.05. Notice of Redemption.

A. Notice of the call for any redemption, identifying series and the Bonds or portions thereof to be redeemed, shall also be given by the Trustee, on behalf of the Issuer, by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to such Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds.

B. Notice of redemption having been given in the manner hereinabove provided for, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price as herein provided, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the redemption price aforesaid.

Section 3.06. Cost of Redemption. In the event of any redemption of the Bonds, whether extraordinary, optional or mandatory, there shall be paid by the Issuer, solely from funds provided by the City, in addition to the redemption price, all reasonable costs, fees and expenses of the Trustee and the Issuer in connection with such redemption, including but not limited to, reasonable attorney's fees, costs and expenses.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal and Interest. Subject to the limited source of payment hereinafter referred to, the Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, according to the true intent and meaning thereof. The principal of and interest and premium, if any, on the Bonds are payable solely from rents, revenues and other amounts derived from the leasing or sale of the Equipment and otherwise as provided herein and in the Lease, which rents, revenues and other amounts are hereby specifically assigned and pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer (except the Equipment, the Lease and other property subject to the lien of this Indenture).

Section 4.02. Performance of Covenants; Legal Authorization. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds authorized hereby and to execute this Indenture, to perform its obligations hereunder, to grant a lien on the Equipment and to assign the Lease and to pledge the Lease rentals and other amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the Issuer according to the import thereof.

Section 4.03. Title and Instruments of Further Assurance. The Issuer covenants that it has good and marketable title to the Equipment, subject only to Permitted Encumbrances, and it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its title to the Equipment or any part or portion thereof is now or at any time hereafter shall or may be impaired or charged or encumbered in any manner whatsoever, except by Permitted Encumbrances; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such security agreements, assignments or instruments supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning, granting a security interest in and confirming unto the Trustee all and singular the property herein described and the rentals and revenues assigned and pledged hereby to the payment of the principal of and interest on the Bonds.

Section 4.04. Recording and Filing. The Issuer covenants that it will cause any and all financing and continuation statements to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Holders of the Bonds and the rights of the Trustee hereunder.

Section 4.05. Books and Records. The Issuer covenants that so long as any Bonds are outstanding and unpaid and to the extent of its financial dealings or transactions in relation to the Equipment and the rentals and revenues derived therefrom, the Issuer will keep, or cause to be kept by the Trustee, proper books of record and account. Such books shall at all times be open to the inspection of such accountants or other agencies as the Trustee may from time to time designate.

Section 4.06. Rights Under Lease. Neither a sale of the Equipment under this Indenture nor the appointment of a receiver for the Trust Estate nor any other procedure related to the enforcement of the lien or the provisions of this Indenture shall of itself terminate or otherwise affect or impair the rights or obligations of the Issuer under the Lease. The Lease sets forth the covenants and obligations of the Issuer and the Corporation, including a provision that neither the Lease nor this Indenture may be effectively amended, changed or modified without the written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to enforce all covenants and obligations of the Corporation under the Lease and agrees that the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Corporation under and pursuant to the Lease for and on behalf of the holders, whether or not the Issuer is in default in its covenant to enforce such rights and obligations. The Issuer hereby makes for the benefit of the Trustee the representations and warranties set forth in Section 2.01 of the Lease.

Section 4.07. Arbitrage. The Issuer shall not take, or permit or suffer to be taken on its behalf, any action with respect to the proceeds of the Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 4.08. Designation of Series A Bonds as Bank-Qualified. The Series A Bonds have been and are hereby designated by the Issuer as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

ARTICLE V

BOND FUND

Section 5.01. Source of Payment of Bonds; Creation of the Bond Fund. The Bonds herein authorized and all payments to be made by the Issuer thereon and into the various funds are not general obligations of the Issuer but are limited obligations payable solely from revenues, rents and other amounts derived from leasing or sale of the Equipment and the various funds established under this Indenture. Pursuant to the assignment and pledge of the Lease and the rentals and revenues derived therefrom set forth in the granting clauses contained herein, the Issuer will direct the City to make payments of such rentals and revenues directly to the Trustee when and as the same become due and payable by the City under the terms of the Lease. There is hereby created and established with the Trustee a trust fund with respect to the Bonds to be designated as the "Bond Fund" (the "Bond Fund").

Section 5.02. Payments into the Bond Fund. There shall be deposited in the Bond Fund (a) all amounts derived from, or in connection with, the Lease, (b) all interest and other income received on investments of the Bond Fund, (c) any amount remaining in the Escrow Fund after the Bonds To Be Refunded have been finally discharged and all fees and expenses in connection therewith have been paid; (d) any amount required to be paid pursuant to Section 8.08 hereof, and (e) all other moneys received by the Trustee with respect to the Bonds unless otherwise provided herein.

Section 5.03. Use of Moneys in the Bond Fund. Except as provided in this Section and in Section 5.06 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, and Trustee's fees and expenses with regard to the Bonds, either at maturity or redemption prior to maturity.

Section 5.04. Non-presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, or at the date fixed for redemption thereof, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the owner or owners thereof, all liability of the Issuer to the owner thereof for the payment of such Bond, as the case may be, shall forthwith terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Such funds shall not be deemed to be part of the Bond Fund after the due date and shall not be subject to investment.

Any moneys held by the Trustee for the payment of the principal of or interest on any Bond and remaining unclaimed for two years after such principal or interest has become due and payable shall, upon the written request of the City to the Trustee, be paid to the City to the extent permitted by the law of the state in which the Trustee is domiciled. After the payment of such unclaimed moneys to the City, the owner of such Bond shall thereafter look only to the City for

the payment thereof, and all liability of the Trustee with respect to such moneys shall thereupon cease.

Section 5.05. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund or the Rebate Fund shall be held by the Trustee in trust for the purposes thereof but need not be segregated from other funds except to the extent required by this Indenture.

Section 5.06. Repayment to the City from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of and interest and redemption premium, if any, on the Bonds (or provision for the payment thereof as provided in this Indenture), and the reasonable fees, charges and expenses of the Trustee, incurred in connection with the Bonds, shall be paid to the City, except as shall be subject to rebate to the United States under Section 148(f) of the Code.

ARTICLE VI

APPLICATION OF PROCEEDS OF BONDS

Section 6.01. Application of Proceeds. Proceeds from the sale of the Series A Bonds in the amount of $2,171,406.73 shall be deposited directly with or transferred by the Trustee immediately upon receipt to the Escrow Agent for deposit or credit to the Escrow Fund in accordance with the Escrow Agreement. In addition, proceeds from the sale of the Series A Bonds in the amount of $98.57 and proceeds from the sale of the Series B Bonds in the amount of $40,000 shall be deposited by the Trustee into the Costs of Issuance Account.

Section 6.02. Costs of Issuance Account.

(a) The proceeds of the Bonds deposited in the Costs of Issuance Account shall be used and withdrawn by the Trustee only as provided in this Section 6.02. No amount in any other fund or account created by this Indenture shall be expended for Costs of Issuance.

(b) The Trustee is authorized and directed to make disbursements from the Costs of Issuance Account upon the written direction of an Authorized Representative for the payment of Costs of Issuance, in the amounts stated to be due and payable in the Authorized Representative certificate which shall be filed with the Trustee from time to time, together with such other documentation as may be required hereunder, certifying that such amounts may be properly paid. The Trustee shall make such disbursements not later than five days after receipt of all the documentation required by this Section 6.02(b).

(c) Notwithstanding any provision to the contrary, any amounts remaining in the Costs of Issuance Account on April 26, 2010, shall be transferred to the Bond Fund and applied to the payment on the interest next coming due on the Bonds.

ARTICLE VII

INVESTMENTS AND REBATE

Section 7.01. Investment of Moneys. Except as otherwise provided in this Indenture, any moneys held as a part of the Bond Fund or the Rebate Fund shall be invested or reinvested by the Trustee at the written direction of the City in Qualified Investments. All such written directions shall be specifically subject to the provisions and restrictions of Sections 4.07 and 7.02 hereof to which reference is hereby made.

Any such investment shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investments shall be credited or charged to the appropriate fund. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in either fund is insufficient to make the payments required from such fund regardless of the loss on such liquidation. The Trustee may make any and all investments permitted by this Section 7.01 through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

In making investments of the moneys in any such funds, the Trustee shall rely conclusively on the written direction of the City as to the suitability and legality of the directed investments and shall not be liable for any investments made in violation of the covenant as to arbitrage contained in the Lease or herein, or for any losses resulting from such investment or otherwise, if made pursuant to such direction.

Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. In the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested.

The Trustee shall provide monthly statements regarding the funds and accounts maintained by it and the investments credited thereto. Although the Issuer and the City each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the City hereby agree that confirmations of 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 7.02. Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series A Bonds. In addition, the Issuer covenants to comply with, or cause compliance with, the Code and all Regulations from time to time in effect and applicable to the Series A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, or cause to be taken or refrained from being taken actions, as may be necessary to fully comply with such Section 148(f) of the Code and

such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Indenture or the Lease.

The Issuer shall calculate, or cause to be calculated, annually, and at such other times required under the Code upon retirement or redemption of the Series A Bonds or otherwise, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such calculation, the Issuer shall deposit, or cause to be deposited, in the "Rebate Fund" (the "Rebate Fund") to be created and established with the Trustee hereunder as a separate trust fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, may be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund and all moneys, amounts and investments therein shall be held free and clear of any lien or pledge under this Indenture or the Lease, and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Trustee shall pay said amounts to the City, unless otherwise required by law as evidenced by an opinion of Bond Counsel. The Issuer shall timely remit, or cause to be remitted, payments to the United States in the time and at the address prescribed by the Regulations as the same may from time to time be in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure, or cause to be assured, that such payments are made to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the City and the Trustee in preparing rebate calculations and in all other respects in connection with rebates. The Issuer may (at the sole expense of the City) direct in writing the Trustee to perform or to cause to be performed (which may be by one of the Trustee's agents, subsidiaries or affiliates) the calculations required by this Section 7.02. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.02 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay, or cause to be paid, any and all penalties and other amounts, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes.

The Issuer shall submit, or cause to be submitted, to the Trustee within 15 days following the end of each Bond Year after the Bond Year ending June 1, 2010, a certified copy of the rebate calculation and certificate with respect thereto.

Notwithstanding the foregoing, if the City shall submit to the Trustee and the Issuer a certificate stating that the Series A Bonds are exempt from the rebate requirements of Section 148(f) of the Code as a result of an applicable exception therefrom, then the Issuer and the City shall not be required to take further actions pursuant to this Section 7.02 so long as the Series A Bonds and any gross or other proceeds thereof remain exempt from the rebate requirements of Section 148(f) of the Code.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default," that is to say, if:

(A) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(B) Payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption; or

(C) The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder for a period in excess of 90 days and a new issuer shall not have undertaken the duties of the Issuer within such period; or

(D) An order or decree shall be entered appointing a receiver or receivers for the Equipment or any of the revenues of the Issuer derived therefrom, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or degree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

(E) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues and other moneys derived by the Issuer from the Lease and 60 days shall have elapsed since the institution of such proceeding; or

(F) If the Issuer (i) files a petition in bankruptcy, or (ii) makes an assignment for the benefit of its creditors or (iii) consents to the appointment of a receiver or trustee for itself or for the whole or any part or portion of the Equipment and 60 days shall have elapsed since the filing of such petition, the making of such assignment or the consent to such appointment; or

(G) If (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) on a petition in bankruptcy filed against the Issuer it is adjudged a bankrupt, or (iii) an order, judgment or decree entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver or trustee of the Issuer or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(H) If the Issuer shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and 60 days shall have elapsed since the filing of such petitions; or

(I) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(J) The Lease or the Sublease shall be terminated; or

(K) Any event of default as defined in Section 9.01 of the Lease shall occur and be continuing for a period of 30 days; or

(L) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any agreement supplemental hereto on the part of the Issuer to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the City by the Trustee; the Trustee may give such notice in its discretion (which may be based upon an opinion of counsel) and shall give such notice at the written request of the owners of not less than 10% in aggregate principal amount of the Bonds then outstanding hereunder.

Section 8.02. Acceleration. Subject to the provisions of Section 8.12 hereof with respect to waivers of events of default, upon the happening of any Event of Default specified in Section 8.01 other than the Events of Default specified in paragraphs (A) and (B) of Section 8.01 and the continuance of the same for the period, if any, specified in said Section, the Trustee may, without any action on the part of the Bondholders, and shall upon the happening of any Event of Default specified in paragraphs (A) or (B) of Section 8.01 or upon the written request of the Holders of not less than 25% in principal amount of the Bonds then Outstanding hereunder, exclusive of Bonds then owned by the Issuer, the Corporation or the City, upon being indemnified to its satisfaction, by notice in writing delivered to the Issuer and the City, declare the entire principal amount of the Bonds then Outstanding hereunder and the interest accrued thereon immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable.

Section 8.03. Surrender of Possession; Rights of Trustee in Possession; Sale of Equipment. Subject to the rights of the Corporation under the Lease and the City under the Sublease, if any, upon the occurrence of any Event of Default, the Issuer upon demand of the Trustee, shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent (including the Issuer) as it may appoint, to take possession of all or any part of the Trust Estate with the books, papers and accounts of the Issuer pertaining thereto and including the rights and the interest of the Issuer under the Lease; and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed advisable; and the Trustee may, subject to the Lease, lease the Equipment or any part thereof in the name of and for the account of the Issuer and collect,

receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it advisable to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of Section 8.08 hereof. Whenever all that is due upon the Bonds and installments of interest under the terms of this Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the Issuer, its successors or assigns; the same right of entry, however, to exist upon any subsequent Event or Default.

While in possession of such property the Trustee shall upon written request render annually to the Issuer and the City and also to the Holders of Bonds, at their addresses as set forth in the Bond Register, a summarized statement of income and expenditures in connection therewith.

Notwithstanding the foregoing, upon the occurrence of an Event of Default, the Trustee may sell all or a portion of the Equipment at public auction, for cash, or on such time and terms as it may elect, and shall apply the proceeds of sale, after reimbursing itself for all reasonable attorneys' fees and other expenses incurred by it in connection with such sale, in accordance with Section 8.08 of this Indenture. The Trustee shall give notice of the time, terms and place of sale by publishing notice of such sale in some newspaper of general circulation in Charleston, West Virginia, once a week for two successive weeks preceding the day of sale, and no other notice of sale shall be given; provided, that notice of such sale shall also be given by certified mail, return receipt requested, to the Issuer at least 20 days preceding the day of sale, and the Trustee shall comply with all applicable provisions of law.

Section 8.04. Other Remedies; Rights of Bondholders. Upon the occurrence of any Event of Default, the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit to enforce the payment of the principal of or premium, if any, and interest on the Bonds outstanding hereunder, including, without limitation, the sale of all or a portion of the Equipment and mandamus. Upon the occurrence of an Event of Default under the Lease, the Trustee may enforce any and all rights of the Issuer thereunder.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 25% in aggregate principal amount of the Bonds outstanding and shall have been indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the holders of Bonds; and the foregoing shall apply also, if an Event of Default shall have occurred under the Lease, to the enforcement by the Trustee of the rights of the Issuer thereunder; provided however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by counsel (who may be its own counsel) that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the holders of Bonds not parties to such request.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the owners of Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the owners of Bonds hereunder now or hereafter existing at law or in equity or by statute. It is understood and agreed by and between the parties hereto that nothing herein contained shall be construed as a substitute for, or in derogation of, the right to sell the Equipment or as imposing any duty or obligation upon the Trustee to take charge of the Equipment or to collect said rents, issues or profit or to have a receiver appointed for such purposes.

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

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.05. Direction of Proceedings by Holders. The Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, including enforcement of the rights of the Issuer under the Lease or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 8.06. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Holders of Bonds under this Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, issues, earnings, income, products thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.07. Waiver of Stay Laws. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, but the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State.

Section 8.08. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of Operating and Maintenance Expenses, the cost and expenses of the proceedings resulting in the collection of such moneys and of the fees of and the costs, expenses, liabilities and advances incurred or made by the Trustee (including but not limited to, attorney's fees, costs and expenses), be deposited into the Bond Fund and all moneys in the funds and accounts maintained by the Trustee under Article VI shall be applied as follows:

(A) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(B) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and

(C) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (B) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (A) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine in its sole and absolute discretion, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem

appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 8.08 and all costs, expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the City.

Section 8.09. Remedies Vested in Trustee. All rights of action including the right to file proof of claims under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds.

Section 8.10. Rights and Remedies of Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder unless a default shall have become an Event of Default and the Holders of 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, or unless also they have offered to the Trustee indemnity as provided in Section 9.01, or unless the Trustee shall thereafter fail or refuse to exercise the power hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Holder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place, from the source and in the manner in said Bonds expressed.

Section 8.11. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the Issuer and the Trustee shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.12. Waiver of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal, and shall do so upon written request of the Holders of 66 2/3% in aggregate principal amount of all Bonds which may be affected thereby; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any outstanding Bonds at the dates of maturity specified therein or (b) any Event of Default in the payment when due or the interest on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for, and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 8.13. Trustee's Rights and Remedies Under the Lease. The Issuer hereby gives, assigns and pledges to the Trustee and the Holders of the Bonds, as additional security for the Bonds, the right and privilege, in addition to all other rights vested in and remedies available to the Trustee and the Bondholders, including, without limitation, the right to enforce, either jointly with the Issuer or separately, the performance of the obligations of the City under the Lease.

Section 8.14. Corporation's Rights of Possession and Use of Equipment. So long as the Corporation is in full compliance with the terms and provisions of the Lease, the Corporation shall be suffered and permitted to possess, use and enjoy the Equipment and to sublease the Equipment to the City free of claims of the Issuer and the Trustee.

Section 8.15. Sale of Equipment by Issuer; Subletting. In the Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Bondholders, including, without limitation, consenting to the subletting of the Equipment or any part or portion thereof or the assignment of the Lease and/or the sale (if permitted by and subject to applicable laws) of all the estate, right, title and interest, claim and demand, of the Issuer and the Trustee in the Equipment for the benefit of the Bondholders.

Section 8.16. Notice of Default. In the event of any default hereunder, the Trustee shall promptly give written notice thereof to the Issuer and to the City setting forth the nature of such default.

ARTICLE IX

CONCERNING THE TRUSTEE

Section 9.01. Acceptance of Trust. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a reasonably prudent corporate trustee, but only upon and subject to the following express terms and conditions:

A. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in reliance upon such opinion or advice.

B. The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof, except that in the event the Trustee enters into possession of a part or portion or all of the Equipment pursuant to any provision of this Indenture it shall use due diligence in preserving such property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Corporation under the Lease or the City under the Sublease, except as hereinafter set forth, but the Trustee may require of the Issuer, the Corporation or the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of such property. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Lease. The Trustee shall not be responsible for reviewing any financial information of the Corporation or the City which it receives pursuant to the Lease or Sublease and shall hold such financial information solely as a repository for the benefit of the holders of the Bonds; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner. Notwithstanding anything to the contrary herein, except during the continuance of an Event of Default, the Trustee shall be obligated to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

C. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

D. The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or

document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

E. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate of the Issuer signed by its Chairman (and acknowledged by the City) or any certificate signed by an Authorized Officer of the Corporation or the City as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection G of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Issuer under its seal to the effect that a resolution or ordinance, as appropriate, in the form therein set forth has been adopted and/or enacted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted and/or enacted, and is in full force and effect.

F. The permissive right of the Trustee (indicated by the word "may" and not by the word "shall") to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

G. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least 25% in aggregate principal amount of Bonds then outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

H. The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the real or tangible personal property as in this Indenture provided.

I. At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto as may be desired.

J. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

K. Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

L. Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee by reason of any action so taken.

M. All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

N. Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

O. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

P. None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Q. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

R. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture or any other document reasonably relating to the Bonds sent by the Issuer or the City, as the case may be, by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the City, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the City, as applicable, elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the City, as applicable, agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.02. Notice of Default to Bondholder. Within 30 days after the occurrence of any Event of Default (or event which would with the passage of time or giving of notice or both be an Event of Default) hereunder of which the Trustee has actual knowledge or has, or is deemed to have, notice, the Trustee shall, unless such event or Event of Default shall no longer subsist, mail notice thereof to all Bondholders in the same manner required by Section 3.05 hereof in the case of redemption of the Bonds; provided, however, that such notice need not be given if the Trustee determines that to give such notice is not in the best interests of the Holders of the Bonds.

For purposes of this Section 9.02, the Trustee shall not be deemed to have actual knowledge of any Event of Default unless a trust officer, assistant trust officer or other person charged with the administration of the obligations of the Trustee hereunder shall during the course of his duties have actual knowledge thereof.

Section 9.03. Rights and Powers During Default. Subject to its responsibility to act upon the direction of Bondholders hereunder, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent man would exercise or use in the circumstances in the conduct of his own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 9.04. Right to Rely Upon Documents. The Trustee may conclusively rely upon and shall be fully protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine. The Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the trust and accuracy of such statements.

Section 9.05. Right to Own and Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take, with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, the Corporation or the City and may act as depository, trustee or agent for any committee or body of holders of the Bonds or other obligations of the Issuer, as freely as if it were not Trustee hereunder.

Section 9.06. Interest Upon Moneys Received. The Trustee shall not be under any liability for interest on any moneys received under any of the provisions of this Indenture, except such as may be agreed upon in writing between the Trustee and the City. All interest allowed on any such moneys shall be credited as provided in Article VII hereof with respect to interest on investments.

Section 9.07. Construction of Provisions of Indenture. The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision thereof.

Section 9.08. Co-Trustee. The Trustee, with the approval of the City, may appoint an additional individual institution as a separate or co-trustee. If the Trustee appoints a separate or co-trustee, each power or right vested in the Trustee hereunder shall be exercisable by and vest in such separate or co-trustee to exercise such powers or rights, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Section 9.09. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days written notice to the Issuer and the City and by registered or certified mail to each registered owner of Bonds then outstanding, and such resignation shall take effect at the end of such 30 days or upon the earlier appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer may be served personally or sent by registered mail.

Section 9.10. Removal of Trustee. The Trustee or any Trustee hereafter appointed hereunder may be removed at any time by an instrument in writing appointing a successor Trustee, filed with the Trustee so removed, the Issuer and the City and executed by the owners of a majority in aggregate principal amount of the Bonds then outstanding.

Section 9.11. Appointment of Successor Trustee. In case the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed and signed by its Chairman and attested by its Secretary under its seal shall forthwith appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by

the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders.

Section 9.12. Qualification of Successor Trustee. Every successor Trustee appointed pursuant to any of the foregoing provisions shall be a trust company or a national bank or state bank with trust powers in good standing and, if there be such a trust company or national or state bank willing and able to accept the trust on reasonable and customary terms, shall have a reported capital and surplus of not less than $20,000,000.

Section 9.13. Court Appointment of Successor Trustee. In case at any time the Trustee or any Trustee hereafter appointed shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article IX within six months after a resignation by the Trustee, the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 9.14. Acceptance and Transfer of Trust. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the City an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon reasonable written request of such successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the Trust Estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act; and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by its hereunder.

Section 9.15. Successor Trustee Merger. Any corporation or other organization into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation or other organization resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation or other organization acquiring all or substantially all of the trust business of the Trustee shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.16. Trustee's Right to Make Advances. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal or interest on the Bonds, the Trustee may, in its discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do, and no such advance shall operate to relieve the Issuer from any default hereunder. In the event the Corporation shall fail under the Lease to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 of the Lease, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 of the Lease, (iii) maintain the Equipment in

repair pursuant to Sections 5.05 and 5.06 of the Lease, (iv) procure the insurance required by Section 5.08 of the Lease, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed under the Lease, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate equal to the lesser of (i) the Trustee's prime rate then in effect plus two percent (2%), or (ii) the highest amount allowed by law, from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of Section 5.09 of the Lease.

Section 9.17. Intervention by Trustee. The Trustee may intervene on behalf of the Bondholders in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Bondholders, and shall intervene if it is requested in writing by the owners of at least 25% in aggregate principal amount of the Bonds then Outstanding and if provided indemnity pursuant to Section 9.01 hereof. The rights and obligations of the Trustee under this Section 9.17 are subject to the approval of a court of competent jurisdiction.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures not Requiring Consent of Bondholder. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture, as shall not be materially inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To cure any ambiguity or formal defect or omission in this Indenture;

(B) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(C) To subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(D) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(E) To modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended; and

(F) To make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the Holder of such Bonds, or (b) a reduction in the amount or extension of the time of any payment required herein, or (c) the creation of any lien (other than any Permitted Encumbrances) upon the Equipment, without the consent of the Holders of 100% in aggregate principal amount of the Bonds at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the Holders of which are required to consent to any such

supplemental indenture, without the consent of the Holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to each Bondholder. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the office of the Trustee designated in Section 15.03 for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X which adversely affects the respective rights of the Corporation under the Lease and while the Corporation is not in default under the Lease or this Indenture or of the City under the Sublease and while the City is not in default under the Sublease or this Indenture shall not become effective unless and until the Corporation or the City, as the case may be, shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of such supplemental indenture to which the Corporation or the City, as applicable, has not already consented, together with a copy of the proposed supplemental indenture and a written consent form to be signed by the Corporation or the City, as applicable, to be mailed by certified or registered mail to the Corporation or the City, as applicable, at least 30 days prior to the proposed date of execution and delivery of any such supplemental indenture.

Prior to executing any supplemental indenture, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such supplemental indenture (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

ARTICLE XI

AMENDMENTS TO THE LEASE

Section 11.01. Amendments to Lease or Sublease Not Requiring Consent of Bondholders. The Issuer, the Corporation, the City and the Trustee, as applicable, may without the consent of, or notice to, the Bondholders consent to any amendment, change or modification of the Lease or the Sublease, as the case may be, as may be required (i) by the provisions of the Lease and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission or accurately describing the Equipment, (iii) in connection with any other change therein which, in the judgment of the Trustee, based upon opinion of Counsel, is not to the prejudice of the Trustee or the Holders of the Bonds, or (iv) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds.

Prior to consenting to any amendment to the Lease or Sublease, the Trustee shall be entitled to receive an opinion of Bond Counsel to the effect that such amendment (i) is permitted or authorized pursuant to the terms hereof and (ii) will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Series A Bonds.

Section 11.02. Amendments to Lease Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 11.01 hereof, neither the Issuer, the Trustee, the Corporation nor the City shall consent to any other amendment, change or modification of the Lease or the Sublease, as the case may be, without the prior written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding given and procured as in this Section provided; provided, however, that no such amendment, change or modification shall be made which affects the terms of or payment for the Bonds. The Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed to Bondholders in the same manner as provided by Section 10.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee of the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.03. No Amendment May Reduce Rent. Under no circumstances shall any amendment to the Lease or Sublease reduce the amount of rent payable thereunder without the

consent of the Holders of all the Bonds Outstanding, except in the event of prepayment or redemption of all or a portion of the principal amount of the Bonds.

ARTICLE XII

SATISFACTION OF THE INDENTURE

Section 12.01. Defeasance. If the Issuer shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways:

(A) By paying or causing to be paid the principal, premium, if any, and interest on all Bonds outstanding, as and when the same become due and payable;

(B) By depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem (when redeemable) all Bonds outstanding; provided that the City shall give written direction to the Trustee for the investment of such fund which will not cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code;

(C) By delivering to the Trustee, for cancellation by it, all Bonds outstanding; or

(D) By depositing with the Trustee, in trust, Government Obligations in such amount as will be or in such amount as an independent accounting firm of national reputation shall certify will, together with the income or increment to accrue thereon without consideration of any reinvestment thereof, be fully sufficient to pay or redeem (if called for redemption) and discharge the indebtedness on all Bonds at or before their respective maturity dates, provided that such investments as directed in writing by the City shall not cause the Bonds to be "arbitrage bonds" under Section 148 of the Code; and if the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then and in that case this Indenture and the estate and rights granted hereunder shall cease, determine, and become null and void, and thereupon the Trustee shall, upon joint written request of the City and Issuer, and upon receipt by the Trustee of an opinion of Bond Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and that the defeasance of the Bonds in such manner will not affect adversely the exclusion from gross income for federal income tax purposes of interest on the Series A Bonds, execute and deliver any necessary and proper instruments acknowledging satisfaction of and discharging this Indenture and the lien hereof. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Issuer for any expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit in any fund created under this Indenture (other than said Government Obligations deposited in trust as above provided) shall, upon the full satisfaction of this Indenture, forthwith be transferred, paid over and distributed to the City or as directed by the City, except those sums necessary to be rebated to the United States under Section 148(f) of the Code whether in the Rebate Fund or otherwise.

The Issuer or the City may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, which the Issuer or the City may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 12.02. Liability of Issuer Discharged. Upon the deposit with the Trustee, in trust, at or before maturity, of money or Government Obligations in the necessary amount to pay or redeem all outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III herein, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, determine and be completely discharged and the owners thereof shall thereafter be entitled only to payment out of the money or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the following: (i) the Trustee shall hold the proceeds of such Government Obligations or such moneys, as the case may be, without liability for interest thereon or reinvestment thereof, in a separate account for the benefit of Bondholders who have not presented their Bonds on the redemption date; (ii) thereafter, such Bondholders shall be restricted exclusively to such account for any claim whatsoever under the Indenture or Bonds; and (iii) any such funds which remain unclaimed by the Bondholder(s) entitled thereto for a period of two years after the redemption date shall be paid to the City free of any trust or lien and thereafter such Bondholder(s) shall look only to the City for payment and then only to the amounts so received by the City without any interest thereon, and the Trustee shall have no further responsibility with respect to such moneys.

ARTICLE XIII

MANNER OF EVIDENCING OWNERSHIP OF BONDS

Section 13.01. Proof of Ownership. Any request, direction, consent or other instrument provided by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Trustee and the Issuer, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(A) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(B) The ownership of Bonds shall be proved by the register of such Bonds required to be maintained by the Registrar.

Any action taken or suffered by the Trustee pursuant to any provision of this Indenture, upon the request or with the assent of any person who at the time is the holder of any Bond or Bonds shall be conclusive and binding upon all future holders of the same Bond or Bonds.

ARTICLE XIV

RELEASE AND SUBSTITUTION OF PROPERTY

Section 14.01. Conditions for Release. So long as no default shall have occurred and be continuing under this Indenture, the Trustee shall release, without the consent of any of the Bondholders, any equipment disposed of in accordance with Section 5.07 of the Lease and any of the Equipment or other property subject to the lien of this Indenture, upon receipt by the Trustee of each of the following, upon which the Trustee may conclusively rely:

(A) Written Request. A Written Request by an Authorized Representative of the Corporation for such release, describing the property to be released (referred to in this Article XIV as the "Released Property").

(B) Certificate of Corporation. A Certificate of the Corporation to the Trustee and the Issuer certifying:

(i) The fair market value of the Released Property and of the property (referred to in this Article XIV as the "Substituted Property") to be substituted for the Released Property pursuant to the terms hereof;

(ii) The disposition to be made of the Released Property and the consideration, including the fair market value of consideration other than money, to be received for the Released Property;

(iii) That the disposition of the Released Property and the substitution thereof or of the Substituted Property will not materially adversely affect the operations of the remaining Equipment or any other properties of the Corporation included in the Lease or the ability of the Corporation to satisfy its obligations under the Lease and will not materially reduce or adversely affect the Corporation's net income available for debt service;

(iv) That the Substituted Property will be leased from the Issuer to the Corporation pursuant to the Lease and will constitute Equipment under the Lease and will, in turn, be subleased by the Corporation to the City and will constitute Equipment under the Sublease;

(v) That the fair market value or utility of the Substituted Property is at least equal to the fair market value or utility of the Released Property;

(vi) That the execution and delivery of the release by the Trustee and the subjection of the Substituted Property to the lien of this Indenture will not result in a default by the Corporation under the Lease or by the City under the Sublease; and

(vii) That all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(C) Appraisal of Released Property. An appraisal of the fair market values of the Released Property and of the Substituted Property by an expert acceptable to the Issuer and to the Trustee if the Released Property is not real property.

(D) Opinion of Counsel. A letter of opinion addressed to the Issuer and the Trustee from counsel who is satisfactory to the Issuer and the Trustee to the effect that:

(i) The release of the property requested by the Corporation is authorized hereunder;

(ii) The Substituted Property is subject to and constitutes Equipment under the Lease and under the Sublease, is subject to the lien of this Indenture and is subject to no other liens or encumbrances, except for Permitted Encumbrances;

(iii) The execution and delivery of the requested release and the acceptance of the Substituted Property will not violate any provisions of the Lease or the Sublease or of this Indenture including, without limitation, the provisions of Section 4.07 hereof relating to "arbitrage bonds"; all necessary action required to be taken by the Corporation and by the Issuer to effect the release of the Released Property and the conveyance of the Substituted Property have been taken;

(iv) The documents required to effect the release of the Released Property and substitution thereof or of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with their respective terms; and

(v) To their knowledge, all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted or that no such permits or authorizations are required.

(E) Cumulative Exception. Notwithstanding the foregoing provisions of this Section 14.01, the Corporation may make such removals, substitutions, sales and other dispositions of personal property without the obligation to comply with the provisions of this Section 14.01 so long as the cumulative value of the personal property so removed, substituted, sold or otherwise disposed of is less than 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time personal property may be released only on compliance with this Section 14.01

Section 14.02. Disposition of Substituted Property. The Trustee shall invest, subject to Section 7.01 hereof, any cash delivered to it as Substituted Property in Qualified Investments pursuant to a Written Request and any such cash and Qualified Investments shall be held by the Trustee in a separate trust account for the benefit and security of the outstanding Bonds. All income from Qualified Investments pursuant to this Section 14.02 shall be added to the funds held pursuant to this Section 14.02. Funds from time to time on deposit with the Trustee pursuant to this Section 14.02 shall be used to make up any deficiencies in the Bond Fund, and to the extent funds are used to make up such deficiencies, the Corporation, under Section 4.02 of the

Lease, is required to make payment directly to the Trustee for deposit in such trust account the amount of any such deficiencies forthwith. Upon Written Request and provided that no default shall have occurred and be continuing under this Indenture, any funds held by the Trustee pursuant to this Section 14.02 shall be used by the Trustee in redeeming Bonds, in accordance with Article III hereof.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 15.02. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part or portion hereof.

Section 15.03. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer, the Corporation, the City or the Trustee if the same shall be duly mailed by first class mail and addressed as follows, or at such other address as a party may designate by notice to the other parties:

ISSUER: Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301
Attention: Chairman

CITY: The City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330
Attention: City Manager

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

CORPORATION: Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301

Section 15.04. Payments Due on Saturdays, Sundays and Holidays. In any case where the date for any payment on or with respect to the Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the domicile of the Trustee are authorized by law to close, then payment shall be made on the next succeeding business day not a Saturday, a Sunday, a legal holiday or a day upon which banking institutions are authorized by law to close, and no additional interest on such payment shall accrue for the intervening period.

Section 15.05. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.06. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State, without regard to conflict of law principles.

Section 15.07. Immunity of Officers and Members of Issuer. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture or the Lease contained against any past, present or future officer or member of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers or members as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **THE BANK OF NEW YORK MELLON**, as Trustee, have caused these presents to be signed in their respective names and on their behalf and their corporate seals to be affixed and attested, all by their respective officers thereunto duly authorized, and all as of the day and year first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Its Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By _____
Its Authorized Officer

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: _____

(STAMP) _____

STATE OF _____,

COUNTY OF _____, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by _____, an authorized officer of THE BANK OF NEW YORK MELLON, a New York banking corporation acting as trustee, on behalf of the banking corporation acting as trustee.

My commission expires: _____

(STAMP) _____

EXHIBIT A

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project), Series 2010A
(Tax-Exempt – Bank Qualified)

No. AR-__ $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds"), issued in the aggregate principal amount of $2,225,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs of current refunding and redemption of the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant to the Lease. The Bonds are on a parity as to payment from such rentals and in all other respects with the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), issued contemporaneously herewith in the aggregate principal amount of $55,000 (the "Series B Bonds").

The Bonds and the Series B Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to optional redemption by the Issuer, at the option of the City and upon its direction, prior to maturity as follows:

A. The Bonds maturing on and after June 1, 2017, shall be subject to optional redemption by the Issuer, upon written direction of the City, prior to their stated maturities on or after June 1, 2015, at the redemption price of par plus interest accrued thereon to the date set for redemption.

B. This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the

appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree, judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any

constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(D) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the **CHARLESTON BUILDING COMMISSION** has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL] By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

EXHIBIT B

[DTC language]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CHARLESTON BUILDING COMMISSION

Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

No. BR-__ $_____

Date: _____

Interest Rate: _____

Principal Amount: _____

Maturity Date: _____

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS: That the **CHARLESTON BUILDING COMMISSION**, a municipal building commission and public corporation of the State of West Virginia (hereinafter referred to as the "Issuer"), for value received, hereby promises to pay to the Registered Owner set forth above, or registered assigned, but solely from the sources and in the manner hereinafter provided, the principal amount set forth above, in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of original delivery of this Bond as endorsed hereon until paid, as follows:

This Bond shall bear interest at the rate per annum from the date of delivery until paid, shall have principal and interest payment dates and shall mature as follows:

This Bond initially constitutes all of the Bonds of an authorized issue of Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Bonds"), issued in the aggregate principal amount of $55,000 pursuant to the provisions of Chapter 8, Article 33 and Article 16 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended, for the purpose of financing, together with other available funds, the costs incurred in connection with the issuance of the Bonds and of the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series A Bonds"), issued in the aggregate principal amount of $2,225,000, and with refunding and redeeming the Issuer's outstanding Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "1999 Bonds"), with the proceeds of the Series A Bonds. The 1999 Bonds were issued to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment"). The Equipment is currently owned by the Issuer and leased to the Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to an Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation (the "Lease"). The Corporation, in turn, subleases the Equipment to The City of Charleston, West Virginia (the "City"), pursuant to an Equipment Lease dated as of June 1, 1999, as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (together, "Sublease"). The Bonds will be payable from the lease rentals payable by the City to the Corporation pursuant to the Sublease and, in turn, from the lease rentals payable by the Corporation to the Issuer pursuant the Lease The Bonds are on a parity as to payment from such rentals and in all other respects with the Series A Bonds.

The Bonds and the Series A Bonds are issued under and are equally and ratably secured by and entitled to the protection of a Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee (the "Indenture"). Reference is hereby made to the Indenture and the Lease for a description of the provisions, among others, with respect to the nature and extent of the security, default provisions, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms and conditions upon which the Bonds are issued and secured.

This Bond shall be subject to extraordinary optional redemption by the Issuer, at the option of the City and upon its written direction, prior to maturity only as a whole, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest at the appropriate rate to the redemption date, on the first June 1 or December 1 that is at least 60 days after the occurrence of one or more of the following events:

(1) All, or substantially all, of the Equipment (a) shall be taken by the exercise of the power of eminent domain or purchased by a governmental body or agency, or (b) shall be damaged or destroyed; or

(2) As a result of changes in the Constitutions or laws of the United States of America or the State or of legislative or administrative action of the United States of America or the State, or any political subdivision of either thereof, or a final decree,

judgment or order of a court or an order, rule, regulation, determination, action or refusal to take action, or refusal to issue or make any order, rule, regulation or determination, by a governmental authority or agency, either (a) the Lease or the Indenture, or any material provision of any of the foregoing, shall have become void or unenforceable or impossible of performance in any material respect, or (b) the use and occupancy of all or a significant part of the Equipment at the Clay Center shall have been, in the judgment of the City, legally curtailed for a period of six months or more.

The Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Notice of the call for any redemption shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register; provided, however, that, except as prohibited by law, failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Notice having been so given, the principal amount of the Bonds to be redeemed shall on the date fixed for redemption specified in such notice become due and payable at the proper redemption price, and from and after the date fixed for redemption (unless the Issuer shall default in the payment of the redemption price) interest on such principal amount shall cease to accrue, and, in the event of redemption of the entire principal amount of the Bonds, upon presentation and surrender of the Bonds at the office of the Trustee, the Bonds shall be paid at the designated redemption price.

This Bond shall only be transferable by transfer of registration upon the books of the Trustee, as Registrar, maintained for the Issuer, as provided herein and in the Indenture (the "Bond Register"). This Bond shall be registered in the Bond Register, and such registration shall be noted on this Bond. After such registration, no registration of transfer hereof shall be valid unless made on the Bond Register at the written request of the registered owner or his, her or its duly authorized attorney or legal representative and similarly noted on this Bond.

The Bond Registrar shall not be obligated to make any registration, exchange or transfer of (a) any Bonds during the 15 days next preceding (i) an interest or principal payment date on the Bonds or (ii) the date of publication or mailing, whichever is earlier, of a notice of redemption, or (b) any Bonds called for redemption as a whole or in part.

This Bond and the interest hereon is a special and limited obligation of the Issuer and is payable solely out of the revenues and rentals derived from, or in connection with, the Lease and the funds pledged therefor and the property and funds pledged under the Indenture, and the

Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Indenture. This Bond and the other Bonds and any other obligations, agreements, covenants or representations contained in the Indenture, shall never constitute an indebtedness of the Issuer, the City or the State of West Virginia within the meaning of any constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer, the City or the State of West Virginia. Neither this Bond nor the interest payable hereon shall be a charge against or a pledge of the faith and credit or taxing power, if any, of the Issuer, the City or the State of West Virginia or any political subdivision thereof. The owner of this Bond shall have no right to have taxes levied by the legislature of the State of West Virginia or the taxing authority, if any, of the Issuer or the City for the payment of the principal of, premium, if any, or interest on the Bond.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the 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 Indenture or the Lease or any supplements thereto, or waivers thereunder, may be made only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required to exist, happen and be performed, precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law. The issuance of this Bond and the issue of which it is a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

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

No recourse shall be had for the payment of the principal or redemption price of or the interest on this Bond or for any claim based hereon or on the Indenture, against any past, present or future member, officer or employee, as such, of the Issuer, either directly or through the Issuer or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise.

This Bond shall not be valid or obligatory unless the Bond has been authenticated by the Trustee, its successor or successors, by the execution of the Trustee's certificate of authentication and registration endorsed hereon.

IN TESTIMONY WHEREOF, the CHARLESTON BUILDING COMMISSION has caused this Bond to be executed by its Chairman, has caused its corporate seal to be impressed or imprinted hereon, has caused said seal and this Bond to be attested with the signature of its Secretary and has caused this Bond to be dated as of the date set forth above. .

CHARLESTON BUILDING COMMISSION

[SEAL] By: _____
Its Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereafter, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Its Authorized Officer

AGREEMENT AND LEASE

Between

CHARLESTON BUILDING COMMISSION,

Lessor,

and

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,

Lessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

AGREEMENT AND LEASE

This Agreement and Lease (hereinafter called the "Lease") dated as of February 1, 2010, by and between the **CHARLESTON BUILDING COMMISSION**, a public corporation and municipal building commission organized and existing under the laws of the State of West Virginia, as lessor (hereinafter called the "Issuer" or "Lessor"), and the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as the Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as lessee (hereinafter called the "Corporation" or "Lessee").

WITNESSETH:

WHEREAS, pursuant to the authority of Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Enabling Act"), the City Council of the City (the "City Council") enacted an ordinance on May 19, 1980, creating the Issuer;

WHEREAS, under the Enabling Act, the Issuer has plenary power and authority to contract and be contracted with; acquire, purchase, own and hold any property, real or personal; acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of the type for which the City Council may expend public funds; and sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and under such terms as the Issuer deems proper;

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act and *certain provisions of Chapter 8, Article 16 of the Code of West Virginia of 1931, as amended* (the "Bond Act"), and a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), the Issuer issued $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds"), to finance the acquisition and installation of certain equipment for use at the Center for the Arts and Sciences of West Virginia (now known as the Clay Center for the Arts and Sciences of West Virginia) (the "Clay Center"), located in Charleston, West Virginia, initially as set forth in Exhibit A to the 1999 Indenture (the "Equipment");

WHEREAS, the Equipment is currently owned by the Issuer and leased to the Corporation pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract");

WHEREAS, the Corporation, in turn, subleases the Equipment to the City pursuant to an Equipment Lease dated as of June 1, 1999 (the "1999 Sublease"), for use at the Clay Center;

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the Issuer, under the Enabling Act, the Bond Act and the provisions of Chapter 13, Article 2E, of the Code of West Virginia of 1931, as amended (the "Refunding Act" and, together with the Enabling Act and the Bond Act, the "Act"), has plenary power and authority to issue and sell negotiable revenue bonds, notes, debentures or other evidences of indebtedness for the purpose of refunding existing revenue bonds, and to provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with the exercise of its powers as provided in the Act;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt - Bank Qualified) in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), under the Act, an ordinance duly passed by the Issuer, effective as supplemented on February 16, 2010 (the "Ordinance"), and the Indenture, all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of this Lease and of the 1999 Sublease as amended by a First Amendment to Equipment Lease dated as of February 1, 2010 (the 1999 Sublease as so amended is hereinafter referred to as the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due, which Lease shall supersede the 1999 Lease-Purchase Contract;

WHEREAS, Crews & Associates, Inc. (the "Underwriter"), is willing to purchase the Bonds from the Issuer for the price of $2,211,505.30, being par, less an original issue discount of $11,494.70 and an underwriting discount of $57,000;

WHEREAS, the principal and redemption price of and interest on the Bonds and all other payments provided for in the Indenture will be secured by the Trust Estate created under a

Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), including by a security interest in the Equipment and a collateral assignment of this Lease and the rentals hereunder and any other property or funds pledged under the Indenture, and the Bonds will not constitute an indebtedness of the State of West Virginia, the Issuer or the City or a charge against any of the property thereof, or give any right against any member or officer of the Issuer or the City or its City Council;

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or contained in this Lease, the Sublease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose;

WHEREAS, the execution and delivery of this Lease have been in all respects duly and validly authorized by the Ordinance, which was duly enacted and approved by the Issuer; and

WHEREAS, all things necessary to constitute this Lease a valid and binding obligation of the City, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined. In addition to the terms defined elsewhere herein and in the Indenture (including the recitals hereto and in the Indenture), the following terms shall have the following meanings when used herein, unless the context requires otherwise:

"Act" means, collectively, the provisions of Chapter 8, Article 33 of the Code of West Virginia, 1931, as amended; where appropriate, the applicable provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended; and the provisions of Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman or Vice-Chairman, or any other officer or officers designated by resolution or ordinance, as appropriate, of the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the Trustee, the President, Chairman or a Vice-President or Vice-Chairman, a Senior Associate or Associate or any other officer or officers designated by resolution of the Board of Directors of the Trustee to execute those documents or perform those acts to which are then being referred; with reference to the City, the Mayor or any other officer or officers designated by resolution or ordinance, as appropriate, of the City Council to execute those documents or perform those acts to which are then being referred; and with reference to the Corporation, the President, Chairman or a Vice-President or Vice-Chairman or any other officer or officers designated by resolution of the Board of Directors (or the Executive Committee thereof) of the Corporation to execute those documents or perform those acts to which are then being referred.

"Bond" or "Bonds" means the Series A Bonds and the Series B Bonds, together.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt obligations and initially means Jackson Kelly PLLC of Charleston, West Virginia.

"Bondholder," "Holder," "Owner of the Bonds or "Registered Owner" or any similar term, whenever used herein with respect to an Outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Business Day" means any day on which the office of the Trustee designated in Section 10.01 and offices of the City are open for the general transaction of business.

"City" or "Sublessee" means The City of Charleston, West Virginia, a municipal corporation and political subdivision of, and organized and existing under the laws of, the State of West Virginia.

"Clay Center" means the Clay Center for the Arts and Sciences of West Virginia, located at One Clay Square and bounded by Washington Street, Broad Street, Lee Street and Leon Sullivan Way in Charleston, West Virginia.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing at least five percent of the purchase price of the Bonds by the Underwriter or such other applicable meaning set forth in the Code.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations and rulings thereunder from time to time in effect. Reference herein to any specific provision of the Code shall be deemed to refer to any successor provision of the Code.

"Equipment" means the equipment and other furnishings acquired for and installed on or in the Clay Center with the proceeds of the Series 1999 Bonds, initially as described in Exhibit A to the 1999 Indenture, together with any and all additions and improvements thereto or substitutions therefor, now or hereafter acquired, all of which have been leased by the Issuer to the Corporation under and pursuant to the Lease and subleased by the Corporation to the City under and pursuant to the Sublease.

"Escrow Agent" means The Bank of New York Mellon and its successors and assigns as allowed by the Indenture.

"Escrow Agreement" means the Agreement dated as of February 1, 2010, between the Issuer and the Escrow Agent with respect to the current refunding and redemption of the Bonds To Be Refunded.

"Fiscal Year" means the fiscal year of the City, which, at the time of the original execution and delivery of this Lease, begins on July 1 and ends on the next succeeding June 30.

"Indenture" means the Bond Trust Indenture dated as of the date of this Lease, as it may from time to time be amended or supplemented.

"Issuer," "Commission" or "Lessor" means the Charleston Building Commission, a public corporation and municipal building commission organized and existing under and by virtue of the laws of the State, created pursuant to the Enabling Act, and any successor in function.

"Lease" means this Agreement and Lease between the Issuer, as lessor, and the Corporation, as lessee, and all amendments hereof and supplements hereto.

"Lease Term" has the meaning assigned to such term under Section 4.01 of this Lease.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is

used remaining after payment of all expenses (including attorneys' fees and any expenses of the Trustee, the Issuer, the Corporation or the City) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means this Lease, the Sublease, the Indenture and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that will not interfere with or impair the operations being conducted in the Clay Center (or, if no operations are being conducted therein, the operations for which the Clay Center was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due, provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the Corporation;

(4) Zoning laws and similar restrictions; and

(5) Subleases of a portion or portions of the Equipment bearing a term of five years or less, which subleases shall be subordinate to the lien of the Indenture and subject to Section 5.05 hereof.

"Person" means a natural person, firm, association, corporation or public body.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Rent" means, for any period of determination, the amounts payable by the Corporation to the Trustee pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Title" means good and marketable title as to the Equipment, subject only to Permitted Encumbrances.

"Underwriter" means Crews & Associates, Inc.

"Written Request" means a request in writing signed by an Authorized Representative of the Corporation.

Any requirement for execution of the Indenture, the Bonds, this Lease, the Sublease or any Certificate or other document by a Chairman, President or Secretary or other officer means that such Indenture, Bonds, Lease, Certificate or other document may be executed by the Vice-Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section. Words importing the singular include the plural as well as the singular and words importing persons shall include firms, associations and corporations, and vice versa, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, all unless the context otherwise requires.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations, Findings, Determinations and Warranties by the Issuer. The Issuer makes the following representations, findings, determinations, and warranties as the basis for the undertakings and covenants on its part and on the part of the Corporation contained herein, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease:

(A) The Issuer is a public corporation and municipal building commission validly created and existing under the Act, and the other laws of the State, is authorized to enter into the transactions contemplated by this Lease and the Indenture and to carry out its obligations hereunder and thereunder, has been duly authorized to execute and deliver this Lease and the Indenture, and it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The leasing of the Equipment, the issuance and sale of the Bonds, the current refunding and redemption of the Bonds To Be Refunded, the execution and delivery of this Lease and the Indenture and the performance of all covenants and agreements of the Issuer contained in this Lease and the Indenture and of all other acts and things required under the Constitution and laws of the State to make this Lease and the Indenture valid and binding obligations of the Issuer in accordance with the terms thereof are authorized by the Act and have been duly authorized by proceedings of the Issuer adopted and enacted at meetings thereof duly called and held.

(C) The Issuer has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer any act or thing whereby its interest in the Equipment shall or may be impaired, charged or encumbered in any manner whatsoever, except by Permitted Encumbrances.

(D) To finance the cost, together with other available funds, of the current refunding and redemption of the Bonds To Be Refunded, the Issuer has authorized issuance of the Bonds in the aggregate principal amount of $2,280,000, to be issued upon the terms set forth in the Ordinance and the Indenture, under the provisions of which, in order to secure the payment of the principal, premium, if any, and interest on the Bonds, the interest of the Issuer in this Lease and the rentals and revenues to be received hereunder are pledged and assigned to the Trustee, and this Lease shall become subject to the lien or pledge provided for in the Indenture for the benefit of the Bondholders.

(E) The Issuer has found and determined, and does hereby find and determine, that (i) the leasing of the Equipment to the Corporation pursuant to this Lease; (ii) the subleasing of the Equipment by the Corporation to the City pursuant to the Sublease; (iii) the current refunding and redemption of the Bonds To Be Refunded; and (iv) all other things contemplated by or

contained in this Lease and the Indenture are for a public purpose of the Issuer and are necessary, proper and appropriate to accomplish such public purpose.

(F) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Lease or the Indenture or which, in any way, would adversely affect the validity or enforceability of the Bonds, this Lease, the Indenture or any agreement, document or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

(G) Neither this Lease nor any of the rentals or revenues to be received hereunder has been pledged or hypothecated in any manner or for any purpose other than as provided in the Indenture as security for the payment of the Bonds.

(H) *The Issuer shall file, or assist the City in the filing of, any reports or statements,* and shall take any other action as may be required from time to time, with respect to the reporting requirements of Section 149(e) of the Code.

(I) The authorization, execution, sale and delivery of the Bonds and the current refunding and redemption of the Bonds To Be Refunded, in the manner provided herein, in the Escrow Agreement and in the Indenture, will not violate any instrument, agreement, document, covenant, law, order or decree to which the Issuer is a party or is subject.

Section 2.02. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties, all such representations and warranties to be applicable upon and following issuance of the Bonds, to be maintained until termination of this Lease and to inure to the benefit of the Trustee as the assignee of this Lease:

(A) The Corporation is a duly organized and validly existing corporation under the laws of the State of West Virginia and is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code. The Corporation is a nonprofit corporation organized and operated exclusively for not-for-profit purposes, no part of the earnings of which inures to the benefit of any person, private shareholder or individual. The Corporation has conducted its operations and filed all required reports with the Internal Revenue Service to maintain such status.

(B) The Corporation has full legal right, power and authority to enter into this Lease and the Sublease and to carry out and consummate all transactions contemplated hereby and thereby; and it has, by proper action, duly authorized the execution and delivery of the Sublease and this Lease and has approved the Indenture and the issuance of the Bonds.

(C) The Corporation intends to operate the Clay Center, including, but not limited to, the Equipment, as a nonprofit center for, and in furtherance of, providing instruction,

enlightenment and educational opportunities at least until the date on which all of the Bonds have been fully paid and are no longer outstanding.

(D) Neither the execution and delivery of the Sublease or this Lease, the consummation of the transactions contemplated thereby or hereby, nor the fulfillment of or compliance with the terms and conditions of the Sublease or this Lease conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement, document or instrument, or any law, regulation, rule, statute, decree or order, to which the Corporation is now a party or by which it or its properties are bound, or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation under the terms of any instrument, document or agreement other than as contemplated by this Lease and except for Permitted Encumbrances.

(E) The Corporation will maintain its principal place of business and chief executive office in the City of Charleston, West Virginia, so long as the Bonds are outstanding, unless otherwise agreed by the Issuer.

(F) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations, and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its operations or its properties or the Equipment.

(G) The issuance of the Bonds by the Issuer will promote and assist the Corporation in its charitable purposes.

(H) Neither this Lease nor any other document, agreement, instrument, certificate or statement furnished to the Issuer by or on behalf of the Corporation in connection herewith and therewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. It is specifically understood by the Corporation that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds.

(I) No action will be taken which will cause interest on the Series A Bonds to be included for federal income tax purposes in the gross income of the Owners of the Series A Bonds.

(J) Proceeds of the Series A Bonds will not be used in a manner that would cause the Series A Bonds to be "arbitrage bonds" under Section 148 of the Code.

(K) The Corporation has all necessary licenses, certificates, approvals and permits to lease, use and operate the Equipment.

(L) The Equipment is and will be located entirely within the corporate boundaries of the City and has a substantial connection with the Issuer.

(M) Except for the Series B Bonds with respect to items (i), (iii) and (iv), below, there are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States of America, or political subdivision of any of the foregoing or of the District of Columbia, which (i) were or are to be sold at substantially the same time as the Series A Bonds, (ii) were or are to be sold at substantially the same interest rate as the interest rate of the Series A Bonds, (iii) were or are to be sold pursuant to a common plan of marketing as the marketing plan for the Series A Bonds, and (iv) were or are payable directly or indirectly by the Corporation, and any related person to the Corporation, a common or pooled security or from the source from which debt service on the Series A Bonds is payable.

(N) The Corporation has designated the Series A Bonds as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code, and the Corporation and its *subordinate entities have not and will not issue more than $30,000,000 in aggregate principal* amount of tax-exempt bonds during calendar year 2010.

(O) The Corporation will provide and insure the proper and timely filing of a statement concerning the issue of which the Series A Bonds are a part, on behalf of the Issuer, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, containing such information as is required under Section 149(e) of the Code.

(P) The Corporation will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(Q) The Corporation warrants and represents that no portion of the proceeds of the Series A Bonds shall be used directly or indirectly to provide residential rental property for family units or any airplane, skybox or other private luxury box, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption of premises.

(R) The Equipment is are and will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation, by an organization described in Section 501(c)(3) of the Code or by a local governmental unit or any another entity whose ownership will not adversely affect the exclusion from gross income of interest on the Series A Bonds for Federal income tax purposes.

(S) Notwithstanding Subsection (R), above, the Corporation recognizes and agrees that title to the Equipment is vested in the Issuer, that the Issuer has granted to the Trustee a security interest in the Equipment, and that this Lease and the Corporation's rights and interest hereunder are subject to the Indenture.

(T) The Corporation hereby acknowledges that it has received a copy of the Indenture and agrees to comply with each provision of the Indenture applicable to it or to the Equipment.

ARTICLE III

ISSUANCE OF BONDS BY THE ISSUER; ASSIGNMENTS

Section 3.01. Sale of Bonds. If the Issuer and the City shall have determined that the Bonds can be issued and sold upon fair and reasonable terms, the Issuer shall issue, sell and deliver the Bonds in an aggregate principal amount of $2,280,000 pursuant to and in conformity with the Ordinance and the Indenture. The proceeds of the Bonds shall be applied as provided in the Indenture.

Section 3.02. Payment of Bonds. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with the provisions of the Indenture, and the rentals owed by the Corporation hereunder shall be paid directly to the Trustee and shall be pledged to secure the payment of the Bonds as provided in the Indenture and herein.

Section 3.03. Assignment of Rights Under Lease. Except as otherwise expressly provided herein and in the Indenture, this Lease and the rights, interest, powers, privileges and benefits accruing to or vested in the Issuer hereunder shall be protected and enforced in conformity with the Indenture and are hereby assigned by the Issuer to the Trustee as additional security for the Bonds and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions hereof and of the Indenture. THE ISSUER SHALL RETAIN NO RIGHTS HEREUNDER, EXCEPT THOSE RIGHTS SET FORTH IN SECTION 7.07 AND THE RIGHT TO PAYMENT OF EXPENSES PURSUANT TO ITEM (3) OF SECTION 4.02 OF THIS LEASE, AND, NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, ONLY THE TRUSTEE SHALL HAVE THE RIGHT TO PURSUE ANY REMEDIES HEREUNDER.

Section 3.04. Assignment of Rights Under Sublease. As security for its obligations under this Lease, Lessee hereby assigns, conveys, pledges and grants to Lessor a security interest in and lien on all of Lessee's right, title and interest in the Sublease and the rentals payable by the City thereunder. Such assigned rights, title and interest shall be further assigned by Lessor to the Trustee as additional security for the Bonds in accordance with Section 3.03, above, and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions thereof and of the Indenture.

ARTICLE IV

DEMISING CLAUSES AND RENT

Section 4.01. Leasing of the Equipment - Term of Lease; Termination. In consideration of the rentals to be received by the Issuer and of the covenants and promises herein contained to be kept and performed by the Corporation, and in consideration of the issuance of the Bonds by the Issuer and the assignment of this Lease by the Issuer to the Trustee, the Issuer hereby demises and leases the Equipment to the Corporation, and the Corporation hereby hires, takes and leases the Equipment from the Issuer, for the Lease Term, at the rentals and on the conditions herein set forth.

The term of the demise and leasing of the Equipment by the Issuer to the Corporation (the "Lease Term") shall commence on the date of delivery of executed counterparts of this Lease to the parties hereto and shall extend, unless sooner terminated in accordance with the provisions hereof, to June 30, 2024, provided, however, that the Lease Term shall expire on such earlier date as the principal of, premium, if any, and interest on all the Bonds and all other expenses payable by the Corporation hereunder shall have been paid or provisions for their payment shall have been made in accordance with the Indenture and this Lease.

Anything to the contrary herein notwithstanding, this Lease shall be considered cancelled, without further obligation of the part of Lessee, if the City Council fails to budget sufficient funds to fulfill the City's obligations under the Sublease. Such obligations include the payment of funds in an amount sufficient to permit Lessee to fulfill its obligations under this Lease. In such event, Lessee may immediately redeliver possession of the Equipment to Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Equipment except for rent accruing prior to such date of redelivery. In the alternative, Lessee may exercise its right to purchase the Equipment pursuant to the provisions of Section 4.06 hereof.

It is further agreed by and between the parties hereto that the City shall have the right to cancel the Sublease without further obligation on its part upon giving 30 days' written notice to Lessor and Lessee, such notice being given at least 30 days prior to the last day of the succeeding month.

Section 4.02. Rent. Until payment in full of the Bonds and the interest thereon and all fees and charges of the Trustee and all other fees, charges and costs owed by the Corporation hereunder, the Corporation shall pay, directly to the Trustee, on or prior to the first day of June and the first day of December in each year, commencing June 1, 2010, and at such other time or times as any amount or amounts shall be due under the Indenture which correspond to components of rent hereunder, each such installment to be computed by adding, as applicable, the following:

(1) The installments required to pay the principal amount of the Bonds and the interest thereon at the times and in the amounts required by the Indenture;

(2) The fees then due to the Trustee for services under the Indenture and under this Lease; and

(3) The amount of any expenses incurred by the Trustee or the Issuer pursuant to this Lease or the Indenture.

In any event, so long as any of the Bonds are outstanding, the Corporation promises to pay sufficient rentals to pay promptly the principal of, premium (if any) and interest on the Bonds as and when the same become due and payable, whether at maturity, upon redemption, by declaration of acceleration or otherwise.

All payments of Rent shall be made directly to the Trustee at the address set forth in Section 10.01 hereof. This Lease is a net lease, and the Issuer shall be under no obligation to operate, maintain, replace or improve the Equipment or pay the cost thereof, but shall be entitled to have the Rent paid as required herein on an absolute net basis, and such Rent shall not be subject to abatement before retirement of all Bonds.

Section 4.03. Corporation's Obligations Unconditional. The Issuer and the Corporation covenant and agree that the Corporation shall bear all risk of damage or destruction in whole or in part to the Equipment or any part or portion thereof, including, without limitation, any loss, complete or partial, or interruption in the use or operation of the Equipment, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or operation of the Equipment or the compliance by the Corporation with any of the terms hereof. In furtherance of the foregoing, but subject to Section 4.01 and without limiting any of the other provisions hereof, the Corporation covenants and agrees that its obligations to pay the rents and other sums herein provided for and to perform and observe its other covenants and agreements contained herein shall be absolute and unconditional and that the Corporation shall not be entitled to any abatement or diminution thereof (except for insurance or condemnation proceeds which are paid directly to the Trustee) or to any termination of this Lease by reason of:

(A) Any damage to or destruction or condemnation of the Equipment or any part or portion thereof; or

(B) Any interruption or prevention from any cause whatsoever of the use or operation of the Equipment or any part or portion thereof and whether or not resulting from any restriction or requirement of law, ordinance, rule or regulation of any public body or authority having jurisdiction over the Equipment (whether relating to the use or operation of the Equipment or the use or occupancy of the Clay Center or the quality, character or condition of the structures, buildings, improvements or equipment thereon or otherwise) and whether or not on account of any violation by the Corporation of this Lease; or

(C) Any acts or circumstances constituting failure of consideration, eviction or constructive eviction, or commercial frustration of purpose: or

(D) Any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision or agency of either; or

(E) Any indebtedness or liability of the Issuer to the Corporation or any failure of the Issuer to observe or perform any covenant or agreement, whether express or implied, or any duty, liability or obligation arising out of or contained herein or otherwise; or

(F) Any failure or defect in the Title to the Equipment; or

(G) Any other reason whatsoever, whether similar or dissimilar to the foregoing, except as otherwise specifically provided herein.

Section 4.04. Corporation's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its covenants or agreements herein, and if the Issuer should fail to perform any such covenant or agreement, the Corporation may institute such action against the Issuer as the Corporation may deem necessary to compel the performance or to recover damages for nonperformance, subject to Section 8.03 hereof, so long as such action shall not violate the Corporation's covenants or agreements in Section 4.03. The Corporation may at its own cost and expense, and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding against third parties or take any other action which the Corporation deems reasonably necessary to secure or protect its right of possession, occupancy and use of the Equipment under this Lease. In that event, the Issuer agrees to cooperate fully with the Corporation, and to take all action necessary to effect the substitution of the Corporation for the Issuer in any such action or proceeding if the Corporation shall so request.

Section 4.05. Prepayment of Rents. Pursuant to and subject to the terms of the Indenture, the rentals payable hereunder may be prepaid in whole at any time. In addition to the foregoing, there is hereby reserved to the Corporation the right, and the Corporation is hereby authorized and permitted, at any time and as often as it may choose, to prepay all or any part of the rents payable under Section 4.02 hereof, together with such other amounts as shall be sufficient to redeem all of the Bonds in accordance with the provisions of the Indenture, and the Issuer agrees that the Trustee may accept such prepayments of rents and other sums when the same are tendered by the Corporation. All rents and other sums prepaid pursuant to this Section 4.05 shall be applied to the redemption or purchase of the Outstanding Bonds in the manner and to the extent provided for in the Indenture.

Except as otherwise provided herein, in the event of all or any portion the Bonds becoming due and payable pursuant to the provisions of Articles VI or IX hereof, rentals hereunder sufficient to pay the interest and principal thereon shall be and become at once due and payable.

Section 4.06. Transfer of Title in Equipment to Corporation Upon Payment or Prepayment of Rent. Upon payment of all rental payments required hereunder and the sum of

One Dollar ($1.00), and upon payment by the Issuer of the principal of, redemption premium, if any, and interest on the Bonds, at the expense of the Corporation, the Issuer shall make and deliver to the Corporation a good and proper bill of sale and/or other instruments of conveyance, releases, assignments or transfers required by the Corporation upon advice of counsel, duly executed and acknowledged with transfer stamps (if applicable) attached thereto, granting, conveying, transferring and/or releasing any and all right, title and interest of the Issuer in and to the Equipment, subject to all reservations, exceptions, conditions, easements, rights of way, or other like limitations of record or otherwise under and by which the Issuer is bound in its interest in and to the Equipment.

Section 4.07. Indemnification.

(A) To the extent permitted by law, the Corporation releases the Issuer and the Trustee from and agrees that the Issuer and the Trustee shall not be liable for, and agrees to indemnify and hold the Issuer and the Trustee harmless from, any liability for, or costs or expenses (including but not limited to reasonable attorneys' fees, costs and expenses) resulting from, or any loss or damage that may be occasioned by any cause whatsoever pertaining to the issuance, sale and delivery of the Bonds, the actions taken or to be taken by the Issuer or the Trustee under this Lease or the Indenture, except for the gross negligence or willful misconduct of the Issuer or negligence or willful misconduct of the Trustee. The parties intend that no general obligation or liability or charge against the general credit of the Issuer shall occur by reason of entering into this Lease or the Indenture, the issuance of the Bonds or performing any act required of it by the Sublease, this Lease or the Indenture. Nevertheless, if the Issuer shall incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold the Issuer harmless by reason thereof, to the extent permitted by law, as provided herein, unless such liability results from the gross negligence or willful misconduct of the Issuer.

(B) No provision in this Lease or in the Indenture or any obligation imposed upon the Issuer, or the breach of those provisions or obligations, will constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing power, if any. No board member, employee, officer, director or agent of the Issuer will be personally liable with respect to the Sublease, this Lease, the Indenture, the Bonds or any of the documents related thereto.

(C) Except as described in Subsection (A), the Corporation will promptly pay and will indemnify, defend and hold the Issuer and the Trustee, including any person at any time serving as a director, officer, employee, agent or consultant of the Issuer or the Trustee or any person who controls the Issuer or the Trustee within the meaning of the Securities Act of 1933, as amended (collectively, the "Indemnified Parties"), harmless from and against all claims, liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), suits and judgments of any kind arising out of:

(1) Those matters set forth in Section 7.07 hereof;

(2) The issuance and sale of the Bonds;

(3) The execution and delivery of the Sublease, this Lease, the Indenture, or any document required or in furtherance of the transactions contemplated by them; or

(4) The performance of any act required of any indemnitee under this Section or under any provision of the Sublease, this Lease or the Indenture or any document required or in furtherance of the transactions contemplated by them.

(D) An Indemnified Party will promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Corporation in writing. If a proceeding is commenced against the Indemnified Party, the Corporation may participate in the proceeding and, to the extent it elects to do so, may assume the defense with counsel satisfactory to the Indemnified Party. If, however, the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Corporation, or if the Corporation fails to assume the defense of proceeding or to employ counsel for that purpose within a reasonable time after notice of commencement of the proceeding, the Corporation will not be entitled to assume the defense of the proceeding on behalf of the Indemnified Party, but will be responsible for the reasonable fees, costs and expenses of the Indemnified Party in conducting its defense.

(E) No covenant or agreement contained in this Lease or in the Indenture will be deemed to be the covenant or agreement of any board member, officer, attorney, agent or employee of the Issuer, the Trustee or the Corporation in an individual capacity. No recourse will be had for any payment or any claim against any officer, board member, agent, attorney or employee of the Issuer, the Trustee or the Corporation, past, present, or future, or its successors or assigns, either directly or through the Issuer, or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all liability of such board members, officers, agents, attorneys or employees being released as a condition of and as a consideration for the execution and delivery of this Lease.

(F) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section is for any reason held to be unavailable to the Indemnified Party, the Corporation shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement incurred by the Indemnified Party in such proportion as is appropriate to reflect the relative fault of the Corporation in connection with the claim or the commencement of a proceeding regarding which indemnity under this Section may be sought; provided, however, that no person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(G) The indemnifications set forth herein shall survive the termination of this Lease and the Indenture or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 4.08. Quiet Enjoyment. Lessor covenants that, upon payment of the rentals as provided above, it will warrant and defend the title of Lessee against any and all claims whatsoever, not arising hereunder, during the term of this Lease and that Lessee shall, at all times during the term of this Lease, peaceably and quietly have, hold and enjoy the Equipment.

ARTICLE V

COVENANTS RELATING TO THE USE AND OPERATION OF THE EQUIPMENT; SUBLEASE

Section 5.01. Taxes, Charges and Assessments. The Corporation covenants and agrees, subject to the provisions of Section 5.04 hereof relating to permitted contests, to pay or cause be paid before the same become delinquent:

(A) All taxes, charges and fees on account of the use or operation of the Equipment, including but not limited to, all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against the Equipment or on account of the Corporation's use or operation thereof or the activities conducted thereon or therewith; and

(B) All taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the Lease Term upon all or any part or portion of the Equipment, or the interest of the Issuer and of the Corporation or either of them in and to the Equipment, or upon the Issuer's and the Corporation's interest, or the interest of either of them, in this Lease or the rentals payable hereunder.

If, under applicable law, any such tax, charge, fee, rate, imposition or assessment may, at the option of the taxpayer, be paid in installments, the Corporation may exercise such option. The Corporation covenants and agrees that it will, at its own cost and expense, obtain exemption from all taxes and other charges referred to in this Section 5.01 to the extent permitted under applicable law.

As between the parties hereto, the Corporation shall have the duty of making and filing all statements or reports which may be required under applicable law in connection with any such tax, charge, fee, rate, imposition or assessment, and the Issuer agrees promptly to forward to the Corporation any and all notice of or bills in connection with any such charge, fee, rate, imposition or assessment. The Issuer hereby grants to the Corporation the right to use the name of the Issuer, to the extent the use of the name of the Issuer is permitted by or necessary under applicable law, in connection with any contest of the amount or validity of any tax, charge, fee, rate, imposition or assessment. If the provisions of any law, rule or regulation at the time in effect shall require such statements or reports to be executed and filed by the Issuer or such proceedings to be brought by the Issuer, the Issuer shall, at the request and expense of the Corporation, execute and file such statements or reports or, as the case may be, shall join in such proceedings, but the Issuer shall not be subject to any liability for the payment of any costs or expenses in connection therewith. The Corporation covenants and agrees that all statements, reports and other documents prepared for execution by the Issuer solely or by the Issuer jointly with Corporation shall be true, accurate and complete.

Nothing contained herein shall be deemed to constitute an admission by either the Issuer or the Corporation to any third party other than the Trustee that either the Issuer or the Corporation is liable for any tax, charge, fee, rate imposition or assessment.

Section 5.02. Liens. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Equipment or any part or portion thereof, other than Permitted Encumbrances.

Section 5.03. Compliance with Orders. Subject to the provisions of Section 5.04 hereof relating to permitted contests, the Corporation will, at its sole cost and expense, promptly comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof which may be applicable to the Corporation or the Equipment or any part or portion thereof, the Clay Center or any of the streets, alleys, passageways, sidewalks, curbs, gutters, vaults and vault spaces adjoining the Clay Center or any part or portion thereof or to the use or manner of use, operation or condition of the Equipment or any part or portion thereof.

Section 5.04. Permitted Contests. The Corporation shall not be required to pay any tax, charge, fee, rate, imposition or assessment referred to in Section 5.01 hereof, or to remove any lien, charge or encumbrance required to be removed under Section 5.02 hereof, or to comply with any law, ordinance, order, decree, rule, regulation or requirement referred to in Section 5.03 hereof, so long as the Corporation shall contest, in good faith and at its cost and expense, in its own name and behalf or in the name and on behalf of the Issuer, the amount or the validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, charge, fee, rate, imposition, assessment, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Equipment or any part thereof, or of the rent or any portion thereof, to satisfy the same; provided, that no such contest shall subject the Issuer or the Trustee to the risk of any liability. While any such matters are pending, the Issuer shall not pay, remove or cause to be discharged the tax, charge, fee, rate, imposition, assessment, lien or encumbrance being contested, unless the Corporation agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the Corporation to settle any such contest), and in any event the Corporation will pay all losses, judgments, decrees and costs (including attorney's fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed, imposed or determined to be payable therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The Corporation shall give the Issuer prompt written notice of any such contest, and the Issuer agrees to cooperate with the Corporation, at the Corporation's cost and expense, in any such contest.

Notwithstanding any rights granted to the Corporation under the preceding paragraph of this Section 5.04, if the Trustee or the Issuer shall notify the Corporation that, in the opinion of independent counsel, by nonpayment of any of the foregoing items within 30 days the lien of the Indenture as to any substantial part of the Equipment will be materially endangered or the

Equipment or any part or portion thereof will be subject to imminent loss or forfeiture, then the Corporation shall promptly, but in any event in not more than five days from receipt by the Corporation of such notification, pay all such unpaid items or cause them to be stayed, satisfied and discharged.

Section 5.05. Use of the Equipment. The Corporation will use the Equipment only in connection with the use, occupation and operation of the Clay Center and in furtherance of lawful corporate purposes of the Corporation.

Subject to the terms of this Lease, the Corporation may sublease any part or portion of the Equipment or contract for the performance by others of operations or services on or in connection with the Equipment, or any part or portion thereof, for any lawful purpose, provided that (i) each such sublease or contract shall not be inconsistent with the provisions of the Indenture or this Lease, (ii) the Corporation shall remain fully obligated and responsible under this Lease to the same extent as if such sublease or contract had not been executed, and (iii) the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected by any such sublease or contract, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to execution of any such sublease or agreement.

The foregoing provisions are in addition to, and not in lieu of, any of the other provisions of this Lease relating to the use and operation of the Equipment.

Section 5.06. Repairs, Maintenance and Alterations. The Corporation will throughout the Lease Term, at its own cost and expense, keep the Equipment in good and tenantable repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operation will permit and will make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The Corporation shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in or to the Equipment, subject, however, in all cases to the following conditions:

(A) No alteration of any kind shall be made which would result in a violation of the provisions hereof; and

(B) All alterations to the Equipment shall become a part of the Equipment. With respect to any repairs, construction, restoration, replacement or alterations performed upon the Equipment by the Corporation during the Lease Term, in accordance with or as required by any provisions hereof, the Corporation agrees that:

(1) No work in connection therewith shall be undertaken until the Corporation shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and

governmental subdivisions having jurisdiction, and the Issuer agrees to join in the application for such permits or authorizations whenever such action is necessary;

(2) All work in connection therewith shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the municipality or other governmental subdivision wherein the Equipment is situated, and with all laws, ordinance, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Equipment, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and

(3) Workers' compensation coverage for all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Issuer or the Corporation, and general liability insurance (specifically covering this class of risk) for the mutual benefit of the Issuer and the Corporation in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate endorsement, if obtainable, upon the insurance referred to in Section 5.08 hereof. All such insurance shall be effected with financially sound and reputable insurance companies qualified to do business in the State, and, upon the Issuer's written request, the Corporation shall deliver to the Issuer all policies or certificates thereof or issued by the respective insurers endorsed "Premium Paid" by the company or agencies issuing the same or with other evidence of payment of the premiums satisfactory to the Issuer.

Section 5.07. Renewal and Replacement of Equipment. In any instance where the Corporation in its sole discretion determines that any items of such Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Corporation may remove such items from the Equipment and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that the Corporation substitutes and installs and transfers to the Issuer other machinery or equipment having equal or greater value (but not necessarily having the same function, provided such removal and substitution shall not impair operating utility).

In the event that the Corporation prior to such removal of items of Equipment has acquired and installed machinery or equipment with its own funds which has become Equipment for purposes of this Lease, the Corporation may take credit to the extent of the amount so spent by it less any accumulated depreciation against the requirement that it either substitute and install other machinery and equipment having equal or greater utility.

The Corporation will promptly report to the Trustee in writing each such removal, substitution, sale and other disposition; provided, that no such report and payment need be made until after the amount on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least 5% of the depreciated value of the Equipment as determined by the most recent audited financial statement of the Corporation, from and after which time such reports must be made. The Corporation shall execute any instruments reasonably required by the

Issuer or the Trustee to evidence the transfer of the substituted machinery or equipment to the Issuer and its inclusion as Equipment leased under this Lease and as part of the Trust Estate.

Section 5.08. Liability and Casualty Insurance. The Corporation shall maintain the following insurance during the Lease Term at its sole cost and expense:

(A) Insurance against loss and/or damage to the Clay Center, including the Equipment, under a policy or policies covering such risks as are ordinarily insured against by similar municipal facilities, including, without limiting the generality of the foregoing, fire, lightning, windstorms, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, boiler insurance, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements and to the extent obtainable earthquake and pollution coverage, limited only as may be provided in the standard form of such endorsements at the time in use in the State. Such insurance shall be for not less than the full insurable value of the Clay Center. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of coinsurance provisions or otherwise, without the prior consent thereto in writing by the Issuer. The term "full insurable value" means the actual replacement cost of the Clay Center (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) after deduction for physical depreciation, specifically including the Equipment, and shall be determined from time to time at the request of the Trustee, but not more frequently than once every five years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case selected and paid for by the Corporation and approved by the Trustee.

(B) Comprehensive general public liability insurance and landlord's liability insurance, protecting the Issuer, the Trustee and the Corporation as their interests may appear, against liability for injuries to persons and/or property, occurring on, in or about the Equipment, in in such amounts as is customarily carried by like organizations in like activities of comparable size.

(C) Workers' compensation insurance respecting all employees of the Corporation in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided, that the Corporation may be self- insured with respect to all or any part of its liability for workers' compensation to the extent permitted by law.

(D) Fidelity insurance on the officers and employees of the Corporation in such amounts as is customarily carried by like organizations in like activities of comparable size.

Each policy of insurance obtained pursuant to subparagraphs (A), (B), (C) and (D) shall (i) be issued by a recognized, financially sound and responsible insurance company qualified under the laws of the State to assume the risks covered by such policy, and (ii) provide that such policy shall not be canceled without at least 10 days' prior written notice to each insured named therein. Any policy obtained pursuant to subparagraph (A) above shall further (i) name the Issuer, the Trustee and the Corporation as insureds, as their respective interests may appear, and (ii) provide that any loss thereunder not exceeding $25,000 shall be payable directly to the

Corporation, and any loss thereunder in excess of $25,000 shall be payable to the Trustee, and the Trustee shall have the exclusive right to receive the proceeds from such insurance and to receipt for claims thereunder. The Corporation shall have the right to receive the proceeds from any insurance maintained pursuant to subparagraphs (B), (C) and (D) above.

Upon the commencement of the term of this Lease and thereafter not less than 15 days prior to the expiration dates of the expiring policies, certificates issued by the respective insurers of the policies provided for in subparagraphs (A), (B) and (D) shall be delivered by the Corporation to the Trustee and, if requested, the Issuer. If requested in writing by the Trustee or the Issuer, the Corporation shall furnish the Trustee or the Issuer, as applicable, with the schedule of premium payment dates and receipted bills or other evidence satisfactory to the Trustee or the Issuer, as applicable, of the payment when due of all premiums for all policies of insurance at any time required to be maintained under the terms of this Lease.

Upon the written request of the Corporation, the Issuer may permit modification to the insurance coverage hereinabove provided, including but not limited to, permission for the Corporation to be self-insured in whole or in part or to enter into a pooled self-insurance program with other institutions for any such coverage or to substitute commercial insurance for self-insurance.

Notwithstanding any provision in this section, should the federal or state governments provide directly or indirectly by any method for the payment or limitation of claims referred to in subparagraph (B) of this section, for any period, the requirements of such subsection may be reduced for such period upon the written recommendation of the insurance consultant and with the consent of the Issuer.

Anything to the contrary in this Section 5.08 notwithstanding, the Corporation may satisfy the requirements for insurance under paragraphs (A) and (B), above, by obtaining insurance through the State Board of Risk and Insurance Management in the maximum amounts and for the coverages available.

Section 5.09. Trustee's Rights to Perform Corporation's Covenants; Advances. In the event the Corporation shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 5.01 hereof, (ii) remove any lien, encumbrance, or charge pursuant to Section 5.02 hereof, (iii) maintain the Equipment in repair pursuant to Sections 5.05 and 5.06 hereof, (iv) procure the insurance required by Section 5.08 hereof, or (v) fail to make any other payment (other than Rent) or perform any other act required to be performed hereunder, then and in each such case the Issuer or the Trustee may (but shall not be obligated to) remedy such default for the account of the Corporation and make advances for that purpose. No such performance or advance shall operate to release the Corporation from any such default, and any sums so advanced by the Issuer or the Trustee shall be repayable by the Corporation on demand and shall bear interest at the rate of the lesser of (i) six percent (6%) or (ii) the highest amount then allowed by law, from the date of the advance until repaid. The Issuer and the Trustee shall have the right of entry on the Clay Center or any part or portion thereof at reasonable times in order to effectuate the purposes of this Section 5.09.

Section 5.10. Corporation Shall Manage, Operate and Administer Equipment. This Lease is a net lease, and the Issuer shall retain no rights with respect to the operation, management or administration of the Equipment, except as set forth herein with respect to an Event of Default. The Corporation shall have the sole right, subject to the terms of the Indenture and this Lease, during the term of this Lease, to operate, manage and administer the Equipment, including, but not limited to all decisions with respect to hiring and discharge of employees, acquiring and selling of equipment or additional property, incurring additional debt, adding or abandoning services and all other matters incidental to the operation, management and administration of the Equipment.

Section 5.11. Equipment Constitutes Personal Property. It is understood and agreed that the Equipment, whether annexed to the Clay Center or not, constitutes personal property.

Section 5.12. Sublease. Anything to the contrary in this Lease or the Indenture notwithstanding, Lessor hereby consents to the 1999 Sublease and to the execution and delivery by Lessee of a first amendment thereto, which Sublease provides for the payment of rentals by the City to Lessee, which Lessee shall apply toward the payment of the Rent specified in Section 4.02 hereof. Lessor has received a copy of the Sublease.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 6.01. Damage or Destruction. The Corporation agrees to notify the Issuer and the Trustee in writing immediately in the case of damage exceeding $25,000 in amount to, or destruction of, the Equipment or any part or portion thereof resulting from fire or other casualty. In the event that any such damage does not exceed $25,000, the Corporation will forthwith repair, reconstruct and restore the Equipment to substantially the same conditions as it existed prior to the event causing such damage and will apply the Net Proceeds of any insurance relating to such damage received by the Corporation to the payment or reimbursement of the costs of such repair, reconstruction and restoration. The Issuer agrees that the Net Proceeds of any insurance relating to such damage not exceeding $25,000 may be paid directly to the Corporation.

In the event the Equipment or any part or portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to equal or exceed $25,000, then the Corporation shall, within 90 days after such damage or destruction, elect one of the following two options by prior written notice of such election to the Trustee:

(A) OPTION A - REPAIR AND RESTORATION. The Corporation may elect to repair, reconstruct and restore the damaged Equipment. In such event the Corporation shall proceed forthwith to repair, reconstruct and restore the damaged Equipment to substantially the same condition as existed prior to the event causing such damage or destruction and will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Corporation from the Trustee to the payment or reimbursement of the costs of such repair, reconstruction and restoration. As long as the Corporation is not in default under Section 9.01(A) hereof, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Corporation upon the receipt of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

(ii) The written approval of such written request by an independent architect.

It is further understood and agreed that, in the event the Corporation shall elect this Option A, the Corporation shall complete the repair, reconstruction and restoration of the Equipment, whether or not the Net Proceeds of insurance received by the Corporation for such purposes are sufficient to pay for the same.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable

as a result of such damage or destruction applied to the prepayment of all the Rent payable hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

Section 6.02. Condemnation. This Lease and the interest of the Corporation hereunder shall terminate as to the Equipment or any part or portion thereof condemned or taken for any public or quasi-public use (or sold under the threat thereof) when title thereto vests in the party condemning, taking or acquiring the same (hereinafter referred to as the "termination date"). The Corporation hereby irrevocably assigns to the Issuer and to the Trustee, as their respective interests may appear, all right, title and interest of the Corporation in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation, taking or sale during the Lease Term. Such Net Proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided.

In the event of any such condemnation, taking or sale, the Corporation shall within 90 days after the termination date therefor elect one of the following two options by prior written notice of such election to the Trustee:

(A) OPTION A - REPAIRS AND IMPROVEMENTS. The Corporation may elect to use the Net Proceeds of the award made in connection with such condemnation, taking or sale for repairs and improvements to the Equipment. In such event, as long as the Corporation is not in default under Section 9.01(A) hereof, the Corporation shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of:

(i) A written request specifying the expenditures made or to be made or the indebtedness incurred in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the moneys legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(ii) If such net Proceeds equal or exceed $100,000 in amount, the written approval of such written request by an independent architect.

The Corporation agrees to apply any such Net Proceeds so received solely to the purposes specified in such written request.

(B) OPTION B - PREPAYMENT OF RENT. Subject to the obligation of the Corporation under Article IV hereof, the Corporation may elect to have the Net Proceeds payable as a result of condemnation, taking or sale under threat of condemnation or taking applied to the prepayment of all the Rent payable hereunder. In such event the Corporation shall, in its notice of election to the Trustee, direct the redemption of the Bonds in accordance with Section 3.02(B) of the Indenture.

The Issuer and the Trustee shall (at the expense of the Corporation) cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof and will, to the extent

they may lawfully do so, permit the Corporation to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings with respect to the Equipment or any part or portion thereof without the written consent of the Corporation.

Section 6.03. Other Provisions with Respect to Net Proceeds. The Net Proceeds of any insurance or condemnation award received by the Issuer and the Trustee shall, at the written request of the Corporation, be deposited with the Trustee in a special trust account and invested or reinvested by the Trustee as agreed between the Trustee and the Corporation, subject to the Corporation's right to receive the same pursuant to Sections 6.01(A) and 6.02(A) hereof.

Section 6.04. Investment Limitations and Rebate on Insurance and Condemnation Proceeds. Notwithstanding the foregoing Sections, the proceeds of any insurance or condemnation, taking or sale award shall be invested, pending disbursement or use as provided in this Lease, at the written direction of the Corporation, as then permitted by applicable law, as evidenced by an opinion of Bond Counsel, it being the intent that such investments not adversely affect the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes, and any sums required to be rebated to the United States pursuant to Section 148(f) of the Code as a result of such insurance or condemnation, taking or sale proceeds or award or investments thereof shall be paid in the time and manner set forth in said Section 148(f).

ARTICLE VII

OTHER COVENANTS OF THE CORPORATION

Section 7.01. Maintenance of Corporate Existence and Status. The Corporation agrees that it will at all times maintain its existence as a nonprofit corporation organized, existing and qualified to do business under the constitution and laws of the State and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation. The Corporation further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its members, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Corporation; provided, however, that the Corporation may pay to any person, association or corporation the value of any service or product performed for or supplied to the Corporation by such person, association or corporation.

The Corporation, represents, warrants, covenants and agrees that: (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a letter or determination from the Internal Revenue Service to that effect; (iii) such letter has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter; (v) the facts and circumstances which form the basis of such letter continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from Federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code necessary to maintain such status.

The Corporation agrees that it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at the Clay Center or any of its other properties, or permit the Clay Center or any of its other properties, to be used in or for any trade or business, that may adversely affect the basis for the exemption under Section 501 of such Code.

The Corporation (or any related person, as defined in Section 147(a)(l) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase any of the Series A Bonds.

Section 7.02. Merger, Etc. The Corporation will not dispose of all or substantially all of its assets as an entirety (whether by liquidation, dissolution or otherwise) and will not consolidate with or merge into another corporation unless the resulting, surviving or transferee corporation, as the case may be, (i) is a nonprofit corporation organized under the laws of the United States of America, or any state or territory thereof, (ii) shall expressly assume in writing the obligations of the Corporation contained in this Lease, (iii) will not then be in default under the terms of this Lease, (iv) is, by virtue of a ruling from the Internal Revenue Service to such effect, exempt from Federal income taxes under Sections 501(c)(3) and 501(a) of the Code and is not a "private foundation" as defined in Section 509 of the Code, and (v) the exclusion of the interest on the Series A Bonds from gross income for Federal income tax purposes will not be adversely affected thereby, as evidenced by an opinion of Bond Counsel delivered to the Trustee prior to any such event.

Upon any such merger or consolidation the Corporation or the surviving corporation shall deliver to the Trustee a certificate signed by its President or its Chairman and by its chief financial officer demonstrating that all of the foregoing conditions have been satisfied, which certificate shall be supported by reports or opinions signed by its independent certified public accountants and Bond Counsel.

Section 7.03. Financial Statements, Etc. The Corporation covenants that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions relating to the Equipment, in accordance with generally accepted principles of accounting consistently maintained, and will upon request furnish to the Issuer, the Trustee and any requesting Holder or Holders of 10% or more in aggregate principal amount of Bonds then Outstanding:

(A) Within 120 days after the last day of each of its fiscal years, a certificate of the Corporation signed by its President, Chairman or chief financial officer, stating that the Corporation has made a review of its activities during the preceding fiscal year for the purpose of determining whether or not the Corporation has complied with all of the terms, provisions and conditions hereof and that the Corporation has kept, observed, performed and fulfilled each and every covenant, provision and condition hereof on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if the Corporation shall be in default such certificate shall specify all such defaults and the nature thereof; and

(B) Such additional information as the Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding may reasonably request concerning the Corporation in order to enable the Trustee or such Holder to determine whether the covenants, terms and provisions hereof have been complied with by the Corporation.

Without limiting the foregoing, the Corporation will permit any Holder or Holders of 10% or more in aggregate principal amount of Bonds then outstanding (or such persons as such Holder may designate) to visit and inspect the Equipment at the expense of such Holder.

The Trustee shall have no duty to review or analyze any information delivered to it under this Section and shall hold such information solely as a repository for the benefit of the Holders, and the Trustee shall not be deemed to have notice of any information contained therein or Event of Default that may be disclosed therein in any manner.

Section 7.04. No Representation by Issuer as to Condition or Suitability. The Corporation acknowledges (i) that the Issuer has acquired its interest in the Equipment at the request of the Corporation in connection with the Series 1999 Bonds and that the Corporation has examined the Equipment and knows the condition thereof and under this Lease accepts the same in said condition, (ii) that the Issuer has made no warranty, either express or implied, as to the conditions of the Equipment or any part or portion thereof or that the Equipment will be

suitable for the Corporation's purposes or needs, and (iii) that the Corporation in entering this Lease is relying solely upon its own knowledge of the Equipment.

Section 7.05. Liens and Encumbrances. The Corporation covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon the Equipment or upon any income or proceeds of the Corporation in respect of the Equipment, except Permitted Encumbrances.

Section 7.06. Corporation Authorization. The Corporation covenants and warrants that it is duly authorized, under the laws of the State and under all other applicable provisions of law, to execute and deliver the Sublease and this Lease, that all corporate and other action on its part for the authorization of the Sublease and this Lease has been duly and effectually taken, that the Sublease and this Lease are and will be valid and enforceable obligations of the Corporation, and that the Corporation now has or will use its best efforts to obtain complete and lawful authority and privilege to maintain and operate the Equipment and that no permits, rights, franchises or privileges of the Corporation will be allowed to lapse or be forfeited so long as the same shall be necessary for the operations of the Equipment and that it will procure the extension or renewal of each and every right, franchise or privilege so expiring and necessary or desirable for the operation of the Equipment.

Section 7.07. Indemnity. The Corporation will pay, and will protect, indemnify and save the Issuer and the Trustee harmless from and against all liabilities, losses, damages, costs and expenses (including attorneys fees, costs and expenses of the Issuer and the Trustee), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) Any injury to or death of any person or damage of property upon the Equipment, or growing out of or connected with the use, nonuse, condition or operation of the Equipment or a part thereof, any repairs, construction or alterations thereto or the condition of the Equipment;

(2) Violation of any agreement, warranty, covenant or condition hereof, except by the Issuer;

(3) Violation of any lease, contract, agreement or restriction by or upon the Corporation relating to the Equipment; and

(4) Violation of any law, ordinance, regulation or court order affecting the Equipment or a part or portion thereof or the ownership, occupancy or use thereof.

The provisions of this Section 7.07 shall survive the termination or expiration of this Lease or the Indenture or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

Section 7.08. Maintenance of Security Interests. The Corporation will execute all instruments, including, without limitation, financing statements and continuation statements provided for by the Uniform Commercial Code of the State, deemed necessary or advisable in

the opinion of independent counsel for perfection of and continuance of the perfection of the liens and security interests created by this Lease and by the Indenture. However, all obligations of the Corporation under this Section 7.08 are subject to the conditions that the Issuer shall execute all instruments, including, without limitation, all such financing statements and continuation statements, required of it in the opinion of independent counsel, and will file and record all such instruments executed by the Corporation and the Issuer, or cause them to be filed and recorded, and shall continue the liens and security interests of all such instruments by appropriate re-filing and re-recording as specified in the opinion of independent counsel, or cause them to be so continued, for as long as any Bonds shall remain outstanding.

Section 7.09. Hazardous Waste. In addition to and without limitation of all other representations, warranties and covenants made by the Corporation under this Lease, the Corporation further represents, warrants and covenants that the Corporation has not used Hazardous Materials (as hereinafter defined) on, from, or affecting the Equipment in any manner which violates Federal, state or local laws, ordinances, rules, or regulations, governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, in a manner that would create a material adverse effect on the Equipment, and that, to the best of the Corporation's knowledge, no prior owner of the Equipment or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Equipment in any manner which violates or did violate existing applicable Federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, except for violations that would not create a material adverse effect on the Equipment. Without limiting the foregoing, the Corporation shall not cause or permit the Equipment or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in substantial compliance with all applicable Federal, state and local laws, ordinances, rules or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, an unremediated release of Hazardous Materials onto the Equipment or onto any other property that would create a material adverse effect on the Equipment. The Corporation shall substantially comply with and require compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Corporation shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by a governmental authority under an applicable statute or regulation necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Equipment in accordance with all applicable Federal, state and local laws, ordinances, rules, and regulations. In the event the Equipment is sold pursuant to the Indenture, or this Lease is terminated, the Corporation shall deliver, or cause to be delivered, the Equipment in a manner and condition that shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Equipment. For the purposes of this paragraph, Hazardous Materials includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes or hazardous or toxic substances defined in the Comprehensive Environmental Response, Compensation, and Liability Act of

1980, as amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other applicable Federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities the Corporation may have to the Issuer and the Trustee at common law, and shall survive the termination of this Lease.

Anything to the contrary in this Lease notwithstanding, the covenants of the Corporation contained in this Section 7.09 shall remain in full force and effect after the termination of this Lease until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) the payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Issuer, the Trustee or the Trustee relating to the enforcement of the provisions herein specified.

For the purposes of this Section 7.09, the Corporation shall not be deemed an employee, agent or servant of the Issuer or person under the Issuer's control or supervision.

Section 7.10. Certain Tax Covenants and Agreements. The Corporation and the Issuer hereby covenant and agree as follows:

(A) FEDERAL GUARANTEE PROHIBITION. The Issuer and the Corporation covenant and agree that neither the Issuer nor the Corporation shall take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(B) COVENANT TO MAINTAIN STATUS. The Corporation covenants and agrees to maintain its status as an organization described in Section 501(c)(3) and, as such, exempt from Federal taxation pursuant to Section 501(a) of the Code, as may be necessary to assure the exclusion from gross income for Federal income tax purposes of the interest on the Series A Bonds.

(C) CORPORATION OWNERSHIP OF FINANCED PROPERTY. The Corporation covenants and agrees that all property provided with the proceeds of the Series A Bond will be owned (as ownership is determined for purposes of Federal income taxation) by the Corporation or by a state or local governmental unit or any other entity whose ownership will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Series A Bonds.

(D) PROHIBITED FACILITIES. The Issuer and the Corporation covenant and agree that no portion of the proceeds of the Series A Bonds shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption of premises and that no portion of the net proceeds of the Series A Bonds will be used directly or indirectly to provide residential rental property for family units.

Section 7.11. Arbitrage and Tax Exemption. The Issuer and the Corporation each hereby covenant and agree that the Issuer and the Corporation (i) shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which would cause the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) will take all action that may be required of them (including, without implied limitation, the timely filing of a Federal information return with respect to the Series A Bonds) so that the interest on the Series A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any action or permit or suffer any action to be taken, which would adversely affect such exclusion.

Section 7.12. Compliance with Rebate. The Corporation covenants and agrees that it shall take any and all actions necessary to assure compliance with Section 7.02 of the Indenture. In particular and without limitation, if not performed by the City, it shall directly or through independent consultants: (i) perform the calculations required by Section 7.02 of the Indenture; (ii) assure the payments required by Section 7.02 of the Indenture; (iii) maintain the records required by Section 7.02 of the Indenture; (iv) pay all fees, costs and expenses (including but not limited to attorney's fees, costs and expenses) incurred by the Issuer or the Trustee in connection with compliance with Section 7.02 of the Indenture, including compensation due to independent consultants employed pursuant to Section 7.02 by the Issuer or the Trustee; (v) coordinate and cooperate in any and all respects necessary to assure compliance with Sections 7.02 of the Indenture; (vi) provide any certificate as to any exemption from the requirements of Section 148(f) of the Code as set forth in Section 7.02 of the Indenture; and (vii) take such other actions necessary to comply with Section 7.02 of the Indenture.

ARTICLE VIII

COVENANTS OF THE ISSUER

Section 8.01. Restriction on Sale. The Issuer and the Corporation acknowledge and agree that the rentals payable under this Lease are assigned to the Trustee as security for the Bonds issued under the Indenture and that the Issuer has entered into certain covenants with the Trustee in the Indenture which may affect the Equipment and this Lease in the event of default hereunder. The Issuer agrees that, so long as the Corporation is not in default hereunder, it will not, except as contemplated herein and in the Indenture, enter into any other contract or agreement affecting this Lease, the rentals payable hereunder or the Equipment in any way, or assign the same as security for any other obligations of the Issuer, without the prior written consent of the Corporation.

Section 8.02. Redemption of Bonds. If the Corporation is not in default hereunder, the Issuer, at the request at anytime of the City, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of the then outstanding Bonds on the earliest redemption date on which such redemption may be made under such applicable provisions.

Section 8.03. Nature of Issuer's Covenants. The Corporation acknowledges and agrees that any obligation of the Issuer created by or arising out of this Lease shall be payable solely out of the proceeds derived from this Lease, the sale of the Bonds and any insurance and condemnation award received by the Trustee pursuant hereto. The foregoing limitation shall not, however, preclude the Corporation from seeking injunctive relief in any court to compel the Issuer to perform any such obligation.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 9.01. Events of Default Defined. The following shall be "events of default" under this Lease and the terms Event of Default or Default shall mean any one or more of the following events:

(A) Failure of the Corporation to pay the Rent required to be paid under Section 4.02 hereof as when due and payable; or

(B) Failure of the Corporation to perform any other covenant, condition or provision hereof and to remedy such failure within 90 days after notice thereof from the Issuer or the Trustee to the Corporation; or

(C) If any representation or warranty made by the Corporation in any statement or certificate furnished to the Issuer or the Trustee in connection with the sale of the Bonds or furnished by the Corporation pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 90 days after notice thereof to the Corporation by the Issuer or the Trustee; or

(D) If default shall occur in the payment of the principal of or interest on any obligation of the Corporation for borrowed money, as and when the same shall become due, or under any mortgage, agreement, document or other instrument under or pursuant to which such indebtedness is issued, and such default shall continue beyond the period of grace, if any, allowed with respect thereto and action is commenced to accelerate such obligation or to foreclose on any security with respect thereto; or

(E) If the Corporation admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, or applies for or consents to the appointment of a trustee or receiver for the Corporation, or for any part or portion of its property; or

(F) If a trustee or receiver is appointed for the Corporation or for any part of its property and is not discharged within 60 days after such appointment; or

(G) If bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Corporation, and if instituted against the Corporation are allowed against the Corporation or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(H) If the Corporation abandons the Equipment (except as permitted by this Lease) for a period of 30 consecutive days; or

(I) If the Corporation shall default in the payment of any indebtedness owed by the Corporation to any holder of Bonds.

Section 9.02. Remedies on Default. If any Event of Default shall occur and be continuing, the Issuer may, at its option and with the consent of the Trustee, exercise any one or more of the following remedies:

(A) The Issuer may terminate this Lease by giving to the Corporation notice of the Issuer's intention so to do, in which event the Lease Term shall end, and all right, title and interest of the Corporation hereunder shall expire, on the date stated in such notice, which shall not be less than 10 days after the date of the notice by the Issuer of its intention so to terminate; or

(B) The Issuer may terminate the right of the Corporation to possession of the Equipment or any portion thereof by giving notice to the Corporation that the Corporation's right of possession shall end on the date stated in such notice, which shall not be less than 10 days after the date of notice by the Issuer of its intention so to terminate; or

(C) The Issuer may enforce the provisions of this Lease and may enforce and protect the right of the Issuer hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy; or

(D) The Issuer may accelerate and declare all future Rent hereunder to be immediately due and payable, provided, however, that Rent payable as interest on the Bonds upon any such acceleration shall be limited to the interest due on the Bonds until payment of the Bonds and the interest thereon in full; or

(E) The Issuer may, upon written notice to the Corporation, revoke or rescind any and all rights and options of the Corporation hereunder.

Section 9.03. Right of Re-Entry. If the Issuer exercises either of the remedies provided for in subparagraph (A) or (B) of Section 9.02, the Issuer may then or at any time thereafter enter the Clay Center and take complete and peaceful possession of the Equipment or any part or portion thereof, with or without process of law, and may remove such Equipment or any part or portion thereof, and the Corporation covenants that, in any such event it will peacefully and quietly yield up and surrender the Equipment and any part or portion thereof to the Issuer.

Section 9.04. Right to Sublet or Relet. If the Issuer terminates the Corporation's right of possession pursuant to subparagraph (B) of Section 9.02, the Issuer may enter the Clay Center and take possession of all or any part or portion of the Equipment, may remove any part or portion of the Equipment which the Issuer elects so to do, and may sublet or relet the Equipment or any part or portion thereof from time to time for all or any part of the unexpired part of the then Lease Term or for a longer period, and the Issuer may collect the rents from such reletting or subletting and apply the same, first, to the payment of the expense of removing and reletting

the Equipment, and second, to the payment of the rents payable hereunder and in the event that the proceeds from such reletting and subletting are not sufficient to pay in full the foregoing, the Corporation shall remain and be liable therefor, and the Corporation promises and agrees to pay the amount of any such deficiency from time to time and the Issuer may at any time and from time to time sue and recover judgment for any such deficiency or deficiencies.

Section 9.05. Damages in the Event of Termination. In the event of the termination of this Lease by the Issuer pursuant to Section 9.02 hereof, the Issuer shall be entitled to recover immediately from the Corporation: (i) the aggregate principal amount of all Bonds then outstanding; (ii) the total amount of all unpaid interest accrued or to accrue until payment of all Bonds; (iii) the amount of redemption premium, if any; and (iv) such amounts as will be sufficient to pay all costs and expenses, including attorneys' fees, which the Issuer and the Trustee shall have sustained by reason of the breach of any of the covenants of this Lease other than for the payment of rent.

Section 9.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or be statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 9.07. Agreement to Pay Attorneys' Fees, Costs and Expenses. In the event the Corporation should default under any of the provisions of this Lease and the Issuer, the Trustee should employ attorneys or incur other costs or expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer the reasonable fees, costs and expenses of such attorneys and such other costs or expenses so incurred by the Issuer or the Trustee.

Section 9.08. No Additional Waiver Implied by One Waiver. In the event the breach of any agreement contained herein should be waived by either party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.09. Waiver of Stay or Extension Laws. The Corporation covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Lease or the Indenture; and the Corporation (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or

the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE X

GENERAL

Section 10.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer, the City, the Corporation and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated hereby. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer:
Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301
Attention: Chairman

To the City:
The City of Charleston
P.O. Box 2749
Charleston, West Virginia 25330
Attention: City Manager

To the Corporation:
Clay Center for the Arts and Sciences of West Virginia, Inc.
One Clay Square
Charleston, West Virginia 25301
Attention: President

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

Section 10.02. Assignment of Lease. The Corporation shall not, without the prior written consent of the Issuer and the Trustee, assign this Lease or any part or portion hereof. Simultaneously with the delivery hereof, this Lease has been assigned by the Issuer, pursuant to and by the Indenture, to the Trustee in accordance with the terms of the Indenture and this Lease.

Section 10.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer and the Corporation and their respective successors and permitted assigns.

Section 10.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.05. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the issuance of the Bonds and before the Indenture is satisfied and discharged in accordance with its terms, this Lease may not be effectively amended, changed, modified, altered or terminated nor may any provision be waived hereunder, without the written consent of the Trustee, provided, however, that no consent of the Trustee or the Issuer shall be necessary for any addition, deletion, amendment, change, modification, alteration, termination or waiver as may be necessary to assure compliance with Section 148(f) of the Code relating to the required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure the exclusion of interest on the Series A Bonds from gross income for Federal income tax purposes.

Section 10.06. Approval of Indenture and Bonds. The Corporation hereby approves the Indenture and accepts all provisions contained therein. The Corporation hereby approves the issuance of the Bonds as prescribed in the Indenture.

Section 10.07. Survival. All covenants, agreements, representations or warranties contained herein or in any certificates delivered pursuant hereto, shall survive delivery and termination of this Lease and payment of the Bonds, notwithstanding any specific reference herein to the survival of particular provisions or sections.

Section 10.08. Execution Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.09. Governing Law. The terms of this Lease shall be governed by the laws of the State, without regard to conflict of law principles.

IN WITNESS WHEREOF, CHARLESTON BUILDING COMMISSION and **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.**, have caused this Lease to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CHARLESTON BUILDING COMMISSION

By _____
Its Chairman

ATTEST:

_____
Secretary

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

_____
Its President

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by R. Brawley Tracy, Esq., Chairman of the CHARLESTON BUILDING COMMISSION, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

My commission expires: _____

(STAMP)

_____
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by Judith L. Wellington, Ph.D., the President of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: _____

(STAMP)

_____
Notary Public

Original

EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this "Equipment Lease"), made as of the 1st day of June, 1999, is by and between the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia, not-for-profit corporation ("Sublessor"), party of the first part, and the CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia ("Sublessee"), party of the second part.

WHEREAS, Sublessor has asked Sublessee for a contribution to construct and equip the Center for Arts and Sciences of West Virginia (the "Facility") to be located on the block bounded by Broad Street, Lee Street, East, Brooks Street and Washington Street, East, in the City of Charleston, West Virginia, as more fully described in **EXHIBIT A – REAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has agreed to contribute to the cost of the Facility by providing funds to finance the cost of acquiring and installing certain personal property (the "Personal Property"), as more fully described in **EXHIBIT B – PERSONAL PROPERTY** which is attached hereto and made a part hereof;

WHEREAS, Sublessee has asked the Charleston Building Commission (the "Commission") to issue its revenue bonds, the proceeds of which will be used to finance the expense of acquiring and installing the Personal Property;

WHEREAS, the Commission will lease the Personal Property to Sublessor under the terms of a Contract of Lease-Purchase (the "Contract of Lease-Purchase") dated as of June 1, 1999, between the Commission and Sublessor;

WHEREAS, the Commission intends to issue its revenue bonds denominated as $2,895,000 Charleston Building Commission, Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Bonds"), the principal and interest of which are payable from rentals received by Sublessor pursuant to the terms of this Equipment Lease and paid by Sublessor to the Commission pursuant to the terms of the Contract of Lease-Purchase;

WHEREAS, Sublessor will approve the plans and specifications for the Personal Property and will direct and supervise the installation thereof; and

WHEREAS, the issuance of the Bonds requires Sublessor and Sublessee to enter into this Equipment Lease.

NOW, THEREFORE, THIS EQUIPMENT LEASE WITNESSETH:

The parties hereto covenant and bind themselves as follows:

1. Term; Notices. The term of this Equipment Lease, subject to the provisions hereof, shall begin on the date hereof and shall terminate as of the date of payment in full of the rentals specified hereunder and the payment in full of principal of and interest on the Bonds.

06
BOOK/PAGE : 244- / 241-
KANAWHA COUNTY, WV
DTE/TIME RECORDED 06/23/1999 11:31:39:00
INST #: 717185 TYPE: LEASE
CLERK OF THE COUNTY COMMISSION
TOTAL RECD/DUE: 5.00 .00

GOODWIN & GOODWIN
Real Estate Department
P. O. Box 2107
Charleston, WV 25328

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Personal Property, on or before the 1st day of each month during the term of this Equipment Lease commencing on December 1, 1999, Eighteen Thousand Seven Hundred Fifty and 00/100 Dollars ($18,750.00) per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Contract of Lease-Purchase and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Trust Indenture dated as of June 1, 1999, by and between the Commission and Bank One, West Virginia, National Association, as Trustee (the "Trustee") (the "Indenture"), as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to Bank One, West Virginia, National Association, as Trustee under the Indenture, at its Corporate Trust Office, currently located at 707 Virginia Street, East, Charleston, West Virginia 25301.

Upon payment of all rental payments required hereunder, and such other sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds at maturity, Sublessee shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property. Sublessor covenants that it will provide thirty (30) days prior written notice to Sublessee in the event it elects to pay such sums as shall be necessary to pay the outstanding principal of, redemption premium, if any, and interest on the Bonds, in addition to the rental payments required hereunder.

3. Maintenance. Upon installation of the Personal Property by Sublessor, Sublessor shall maintain the Personal Property in good condition equal to its condition at the time of installation thereof, normal wear and tear excepted.

4. Taxes and Assessments. Sublessor will pay all taxes and assessments, if any, levied on the Personal Property during the term of this Equipment Lease.

5. Assignment. Sublessor reserves the right to assign its interest in the Personal Property in whole or in part without Sublessee's consent, but the making of any such assignment shall not release Sublessor from or otherwise affect, in any manner, any of Sublessor's obligations hereunder, provided, however, that Sublessor shall not assign its interest in the Personal Property or any part thereof in such manner as will cause the Bonds to constitute "private activity bonds" as such term is defined in Section 141 of the Internal Revenue Code of 1986, as amended, or any successor legislation, or in any manner which will cause the interest on the Bonds to be included in gross income of the holder thereof for federal income tax purposes.

6. Neglect of Premises. Sublessor covenants that it will not commit waste on the Personal Property and that the Personal Property will be returned to the Commission at the termination of this Equipment Lease in substantially as good a condition as at the commencement thereof, damages from

natural elements, normal depreciation and decay excepted, unless the right to purchase is exercised.

7. Default by Sublessor. In the event Sublessor defaults in any of the covenants contained herein, Sublessee shall notify the Commission and the Trustee, in writing, of such default and if such default is not corrected within ninety (90) days after receipt of notification, Sublessee may notify the Commission and the Trustee that this Equipment Lease is terminated, and return control and ownership of the Personal Property to the Commission, unless Sublessor exercises its right to purchase the Personal Property pursuant to paragraph 13 herein.

8. Damage to Personal Property by Fire, Etc. It is agreed by and between the parties hereto that Sublessor shall insure the Personal Property in an amount equal to its fair market value. In the event of any loss due to fire, natural elements, or other cause to such an extent that continued use thereof by Sublessor would be impractical, Sublessor shall give immediate notice thereof to Sublessee, and may, at its option, exercise its right to purchase the Personal Property pursuant to paragraph 13 herein. The proceeds of any such insurance claim shall be applied as provided in the Indenture.

9. Provisions for Immediate Termination. It is further agreed by and between the parties hereto that this Equipment Lease shall be considered cancelled, without further obligation on the part of Sublessee, if City Council of Sublessee should subsequently fail to budget sufficient funds to fulfill its obligations under this Equipment Lease. Such obligations include the payment of funds in an amount sufficient to permit Sublessor to fulfill its obligations under the Contract of Lease-Purchase. In such event, Sublessee may immediately redeliver its leasehold interest in the Personal Property to Sublessor and thereupon be relieved from any and all obligations hereunder or concerning the Personal Property except for rent accruing prior to such date of redelivery, or Sublessor may exercise its right to purchase the Personal Property pursuant to the provisions of paragraph 13 herein.

10. Possession of Personal Property. Sublessor covenants that upon acquisition of the Personal Property it will be in possession of the Personal Property, subject to any "Permitted encumbrances," as such term is defined in the Indenture. Sublessee grants to Sublessor, and Sublessor shall have the exclusive right to use, possess and control the Personal Property during the term of this Equipment Lease, subject to the conditions set forth herein.

11. Cancellation of Equipment Lease. It is further agreed by and between the parties hereto that Sublessee shall have the right to cancel this Equipment Lease without further obligation on its part upon giving thirty (30) days' written notice to Sublessor, the Commission and the Trustee, such notice being given at least thirty (30) days prior to the last day of the succeeding month (§8-12-11, West Virginia Code).

12. Removal of Personal Property. It is understood and agreed that all Personal Property installed by Sublessor, whether annexed to the freehold or not, shall remain the property of the Commission, and Sublessor shall only have the privilege and right to remove the same during the term of this Equipment Lease provided the Facility is restored to as good a condition as existed prior to installation of said Personal Property, reasonable wear and tear excepted, and provided that all payments of principal and interest on the Bonds have been paid in full.

13. Right to Purchase. Sublessor reserves the right to purchase the Personal Property at any time for a sum equal to the remaining principal amount of the Bonds, plus any applicable redemption premium and interest accrued to the date of such purchase and payment therefor. Upon exercise of such right by Sublessor, Sublessee, at the time of consummation of said sale, shall, at Sublessor's expense, make and deliver to Sublessor an Equipment Lease Termination Agreement which terminates Sublessee's leasehold rights to the Personal Property, subject to all reservations, exceptions, conditions or other like limitations under and by which Sublessor is bound.

14. Supervision of Installation. Sublessor hereby covenants to supervise and direct the acquisition and installation of the Personal Property. Sublessor hereby accepts such obligation, relieves Sublessee of any responsibility related to the same, and expressly assumes all rights, obligations and responsibilities for supervising and directing the acquisition and installation of the Personal Property.

15. Indemnity. Sublessor shall indemnify and hold Sublessee and the Commission and its respective officers, members and employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or occupancy of, or from any work or thing done on, the Facility and the Personal Property during the term of this Equipment Lease, and against and from all claims arising during the life of this Equipment Lease from (a) the Bonds or any documents executed by the Commission or Sublessee in connection therewith, (b) any condition of the Facility and the Personal Property caused by Sublessor, (c) any breach or default on the part of Sublessor in the performance of any of its obligations under this Equipment Lease or the Contract of Lease-Purchase, (d) any act of negligence of Sublessor or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or lessee of Sublessor, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of Sublessor in connection with the acquisition and installation of the Personal Property during the term of this Equipment Lease. Any indemnified party seeking to enforce the above indemnity shall give Sublessor notice of and the opportunity to defend any claims with respect to which indemnity is sought to be enforced hereunder, in which event Sublessor shall either (i) employ counsel reasonably acceptable to such party to defend such claims and pay all costs and expenses in connection with such defense, or (ii) permit such party to defend such claims itself through counsel of its own choosing in which event Sublessor shall indemnify and hold such party harmless from and against all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in or in connection with any action or proceeding brought with respect to such claims. Upon notice from such party, Sublessor shall proceed under option (i) above and defend them or either of them in any such action or proceeding and pay all such costs and expenses, and if Sublessor fails or refuses to do so, Sublessor shall be deemed to have agreed that such party may proceed under option (ii) above.

16. Notices. Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

To Sublessor

Center for the Arts and Science of West Virginia, Inc.
1426 Kanawha Boulevard, East
Charleston, WV 25301

To Sublessee

City of Charleston
P.O. Box 2749
Charleston, WV 25330
Attn: City Manager

17. Parties Bound. The covenants and conditions herein contained shall apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto.

18. Time of the Essence. Time is of the essence of this Equipment Lease, and of each and every covenant, term, condition and provision hereof.

19. Headings. The headings to the various paragraphs of this Equipment Lease have been inserted for reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Equipment Lease.

CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

By: _____

Its: President / CEO

CITY OF CHARLESTON

By: _____
Mayor

Prepared by:
W. K. Bragg, Jr.
GOODWIN & GOODWIN, LLP
P.O. Box 2107
Charleston, WV 25328

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22nd day of June, 1999, by R. Mitchell, as President of the CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia not-for-profit corporation, on behalf of said corporation.

My commission expires 12/22/2003.

SEAL

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
818 Morrison Building
815 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22 of June, 1999, by G. Kemp Melton, mayor of the CITY OF CHARLESTON, a municipality and political subdivision of the State of West Virginia, for said municipality.

My commission expires 12/22/2003.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CAROL ANN PIEGOLS
818 Morrison Building
815 Quarrier Street
Charleston, WV 25301
My Commission Exp. December 22, 2003

Carol Ann Piegols
Notary Public

Exhibit A

All that certain tract or parcel of land situate in the City Charleston, Kanawha County, West Virginia, and generally described as follows:

Being the entire city block bounded on the North by Washington Street, on the West by Broad Street, on the South by Lee Street, and on the East by Brooks Street, having an area of 4.7 acres, more or less.

Exhibit B

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Science of West Virginia

Exterior Fence
Site/Street Furnishings
Trees, Plants
Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on JUN 23 1999 and the same is admitted to record.

Test: _____ Clerk
Kanawha County Commission

FIRST AMENDMENT TO EQUIPMENT LEASE

Between

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.,
Sublessor

and

THE CITY OF CHARLESTON, WEST VIRGINA,
Sublessee

Dated as of February 1, 2010

Relating to

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010A (Tax-Exempt – Bank Qualified)

and

Charleston Building Commission
Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project),
Series 2010B (Taxable)

FIRST AMENDMENT TO EQUIPMENT LEASE

This First Amendment to Equipment Lease (hereinafter called the "First Amendment") dated as of February 1, 2010, supplementing and amending the Equipment Lease dated as of June 1, 1999, both by and between the **CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.** (formerly known as Center for the Arts and Sciences of West Virginia, Inc.), a West Virginia nonprofit corporation exempt from taxation pursuant to Section 501(a) of the Code (as defined below) as an organization described in Section 501(c)(3) of the Code, as Sublessor (hereinafter called the "Corporation" or "Sublessor"), and **THE CITY OF CHARLESTON, WEST VIRGINIA**, a municipal corporation and political subdivision of the State of West Virginia, as Sublessee (hereinafter called the "City" or "Sublessee").

WITNESSETH:

WHEREAS, pursuant to an Equipment Lease dated as of June 1, 1999, and of record in the office of the Clerk of the County Commission of Kanawha County in Lease Book 244 at page 241 (the "Original Equipment Lease"), Sublessor leased to Sublessee certain equipment and other personal property (the "Equipment") to be used in connection with the Clay Center for the Arts and Sciences of West Virginia (the "Clay Center");

WHEREAS, the Sublessor leases the Equipment from the Charleston Building Commission (the "Issuer") pursuant to a Contract of Lease-Purchase dated as of June 1, 1999 (the "1999 Lease-Purchase Contract"), which 1999 Lease-Purchase Contract is being replaced and superseded contemporaneously herewith by an Agreement and Lease dated as of the date of this First Amendment between the Issuer, as lessor, and the Sublessor, as lessee (the "Lease Agreement");

WHEREAS, the acquisition and installation of the Equipment was financed through the issuance by the Charleston Building Commission (the "Issuer"), pursuant to a Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), between the Issuer and Bank One, West Virginia, National Association, as trustee (together with its successors and assigns, the "1999 Trustee"), of $2,895,000 in aggregate principal amount of Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999 (the "Series 1999 Bonds");

WHEREAS, the Series 1999 Bonds are outstanding on the date of execution and delivery hereof in the aggregate principal amount of $2,175,000 (the "Bonds To Be Refunded") and are subject to optional redemption in whole at any time at the redemption price of 102% plus interest accrued to the date fixed for redemption;

WHEREAS, the City desires to refinance the cost of acquisition and installation of the Equipment through the current refunding and redemption of the Bonds To Be Refunded and has requested that the Issuer issue refunding revenue bonds (as defined herein, the "Bonds") to refund the Bonds To Be Refunded, and the Issuer is willing to authorize the current refunding and redemption of the Bonds To Be Refunded and the issuance of the Bonds;

WHEREAS, the Issuer has found and determined that it is necessary and appropriate for the Issuer to issue, sell and deliver the Bonds in two series, being its Series 2010A Bonds (Tax-Exempt – Bank Qualified) in the aggregate principal amount of $2,225,000 (the "Series A Bonds") and its Series 2010B Bonds (Taxable) in the aggregate principal amount of $55,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to a Bond Trust Indenture dated as of the date of this First Amendment (the "Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), all for the purposes of, together with other funds available therefor, currently refunding and redeeming the Bonds To Be Refunded in accordance with the provisions of the 1999 Indenture and paying the costs incurred in connection with the issuance of the Bonds and of the refunding and redemption of the Bonds To Be Refunded;

WHEREAS, the Corporation desires to lease the Equipment from the Issuer, and the Issuer is willing to lease the Equipment to the Corporation, the City desires to sublease the Equipment from the Corporation, and the Corporation is willing to sublease the Equipment to the City, pursuant to the terms, respectively, of the Lease Agreement and the Original Equipment Lease, as supplemented and amended by this First Amendment (together, the "Sublease"), both for rentals sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds when due; and

WHEREAS, it is necessary and desirable to make certain amendments to the Original Equipment Lease in order to reflect the terms of the Bonds and the Lease Agreement;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Issuer and the City hereby agree as follows:

1. **Terms**. From and after the execution and delivery of this First Amendment, the following terms as used in the Sublease shall have the following meanings:

A. "Bonds" shall mean the Series 2010A Bonds and the 2010B Bonds.

B. "Equipment Lease" shall mean the Original Equipment Lease as supplemented and amended by this First Amendment and is sometimes referred to herein as the Sublease.

C. "Contract of Lease-Purchase" or similar terms shall mean the Agreement and Lease dated as of February 1, 2010, between the Issuer and the Corporation.

D. "Indenture" or "Trust Indenture" shall mean the Bond Trust Indenture dated as of February 1, 2010, between the Issuer and the Trustee.

E. "Trustee" shall mean The Bank of New York Mellon, as Trustee

2. **Amendments**.

A. The first three paragraphs of Section 2 of the Original Equipment Lease are hereby amended and restated to read as follows:

2. Rent and Purchase. Sublessee covenants to pay unto Sublessor as rent for the Equipment, on or before the 1st day of each month during the term of this Equipment Lease, commencing on March 1, 2010, $17,995 per month.

The rentals payable hereunder shall be used by Sublessor to pay its obligations owed under the Agreement and Lease dated as of February 1, 2010, which replaced and superseded the Contract of Lease-Purchase, and applied by the Commission to payment of the principal of and interest on the Bonds, issued by the Commission pursuant to a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), by and between the Commission and The Bank of New York Mellon, as Trustee (the "Trustee"), as the same shall become due and payable. The rentals payable hereunder are assigned to Trustee for payment of principal of and interest on the Bonds and are not subject to counterclaim or setoff by creditors of Sublessor, Sublessee or the Commission.

Sublessee hereby agrees to include in its annual budgets sufficient funds to fulfill its obligations hereunder and to make all rental payments to The Bank of New York Mellon, as Trustee under the Indenture, at its corporate trust office currently located at 385 Rifle Camp Road, 3rd Floor, West Paterson, New Jersey 07424.

B. Exhibit B to the Original Equipment Lease is hereby amended and restated to read as follows:

Personal Property/Equipment

Charleston Building Commission/Center for the Arts and Sciences of West Virginia

Performance Equipment
Acoustical Curtains
Theatre seats PAC
Theatre seats Museum
70mm Film projector
Planetarium equipment

IN WITNESS WHEREOF, CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., and **THE CITY OF CHARLESTON, WEST VIRGINIA,** have caused this First Amendment to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC.

_____
Its President

THE CITY OF CHARLESTON, WEST VIRGINIA

_____
Its Mayor

The foregoing instrument prepared by Taunja Willis-Miller, Jackson Kelly PLLC, P.O. Box 617, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by Judith L. Wellington, Ph.D., the President of CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation, on behalf of the corporation.

My commission expires: _____

(STAMP)

_____
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of February, 2010, by Danny Jones, the Mayor of THE CITY OF CHARLESTON, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia, on behalf of the municipal corporation and political subdivision.

My commission expires: _____

(STAMP)

_____
Notary Public

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CHARLESTON BUILDING COMMISSION
(WEST VIRGINIA)
CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA
LEASE-REVENUE REFUNDING BONDS,
SERIES 2010A (TAX EXEMPT – BANK QUALIFIED)

RULE 15c2-12 CERTIFICATE

On the 25th day of February, 2010, the undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Original Purchaser") that he is the duly elected and acting Chairman of the Charleston Building Commission (the "Issuer"), authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Original Purchaser as follows:

(1) This Certificate is delivered to enable the Original Purchaser to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Issuer's Center for the Arts and Sciences of West Virginia Project Lease-Revenue Refunding Bonds, Series 2010A (Tax-Exempt – Bank Qualified) (the "Bonds");

(2) In connection with the issuance of the Bonds, there has been prepared an Official Statement setting forth information concerning the Bonds and the Issuer of the Bonds (the "Official Statement");

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds;

(4) The Official Statement with such changes as have been agreed to by the parties is, except for the Permitted Omissions, deemed final within the meaning of the Rule as of this date, and the information therein is accurate and complete except for the Permitted Omissions;

(5) If, at any time prior to the award of Bonds, any event occurs as a result of which the Official Statement might include an untrue statement of a material fact or unit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Original Purchaser thereof; and

(6) The Issuer has delivered to the Original Purchaser a final Official Statement pursuant to paragraph (b)(3) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of the day and year first stated above.

CHARLESTON BUILDING COMMISSION

By: R Brady Tracy
Its: Chairman

CHARLESTON BUILDING COMMISSION
(WEST VIRGINIA)
CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA
LEASE-REVENUE REFUNDING BONDS,
SERIES 2010B (TAXABLE)

RULE 15c2-12 CERTIFICATE

On the 25th day of February, 2010, the undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Original Purchaser") that he is the duly elected and acting Chairman of the Charleston Building Commission (the "Issuer"), authorized to execute and deliver this Certificate and further certifies on behalf of the Issuer to the Original Purchaser as follows:

(1) This Certificate is delivered to enable the Original Purchaser to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Issuer's Center for the Arts and Sciences of West Virginia Project Lease-Revenue Refunding Bonds, Series 2010B (Taxable) (the "Bonds");

(2) In connection with the issuance of the Bonds, there has been prepared an Official Statement setting forth information concerning the Bonds and the Issuer of the Bonds (the "Official Statement");

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds;

(4) The Official Statement with such changes as have been agreed to by the parties is, except for the Permitted Omissions, deemed final within the meaning of the Rule as of this date, and the information therein is accurate and complete except for the Permitted Omissions;

(5) If, at any time prior to the award of Bonds, any event occurs as a result of which the Official Statement might include an untrue statement of a material fact or unit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall promptly notify the Original Purchaser thereof; and

(6) The Issuer has delivered to the Original Purchaser a final Official Statement pursuant to paragraph (b)(3) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of the day and year first stated above.

CHARLESTON BUILDING COMMISSION

By: R. Brantley Tracy

Its: Chairman

Charleston Building Commission Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
$2,225,000 Series 2010A (Tax-Exempt - Bank Qualified) and
$55,000 Series 2010B (Taxable)

CERTIFICATE OF TRUSTEE AND ESCROW AGENT

The undersigned duly authorized officer of The Bank of New York Mellon, a New York banking corporation with a corporate trust office in West Paterson, New Jersey (the "Bank"), as (i) trustee (the "Trustee") under the Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), with the Charleston Building Commission (the "Issuer"), with respect to the above-referenced bonds (the "Bonds"), (ii) the successor to Bank One, West Virginia, National Association, as trustee (the "1999 Trustee") under the Trust Indenture dated as of June 1, 1999 (the "1999 Indenture"), with the Issuer in connection with the Issuer's $2,895,000 Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, which were outstanding prior to the date hereof in the principal amount of $2,175,000 (the "1999 Bonds"), and (iii) the Escrow Agent (the "Escrow Agent") under the Escrow Agreement dated the date here of (the "Escrow Agreement") with the Issuer in connection with the refunding and redemption of the 1999 Bonds, hereby certifies as follows:

(a) (1) The Indenture was duly authorized by the Trustee and was duly executed and delivered on behalf of the Trustee by an authorized officer of the Trustee, and the Escrow Agreement was duly authorized by the Escrow Agent and was duly executed and delivered on behalf of the Escrow Agent by an authorized officer of the Escrow Agent.

(2) The Trustee has full authority and is fully authorized to act as Trustee under the Indenture, and the Escrow Agent has full authority and is fully authorized to act as Escrow Agent under the Escrow Agreement.

(i) The Bank is a banking corporation duly organized and validly existing under the laws of the State of New York, has a corporate trust office in West Paterson, New Jersey, and has the power and authority to act as a corporate trustee in the State of West Virginia, may validly execute the Indenture and accept the trusts established under the Indenture as Trustee, and may validly execute the Escrow Agreement and accept the trusts established under the Escrow Agreement as Escrow Agent;

(ii) The Bank is duly authorized by its charter and bylaws to act as Trustee under and accept the trusts contemplated by the Indenture and to execute and deliver the Indenture and to act as Escrow Agent under and accept the trusts contemplated by the Escrow Agreement and to execute and deliver the Escrow Agreement; and

(iii) The Trustee has duly accepted the duties and obligations of Trustee imposed upon the Trustee by the Indenture and has duly executed and delivered the Indenture, and considers the same a valid, binding and enforceable obligation of the Trustee; and

(iv) The Escrow Agent has duly accepted the duties and obligations of Escrow Agent imposed upon the Escrow Agent by the Escrow Agreement and has duly executed and delivered the Escrow Agreement, and considers the same a valid, binding and enforceable obligation of the Escrow Agent.

(b) The undersigned accepts the duties and obligations of Trustee and Escrow Agent imposed on the undersigned by the Indenture and the Escrow Agreement, respectively. The undersigned agrees to follow any and all written investment direction provided to it by The City of Charleston, West Virginia, as set forth in Section 7.01 of the Indenture and the investment direction for the Escrow Fund provided in the Escrow Agreement.

(c) The undersigned certifies that all conditions precedent contained in the Indenture for the issuance of the Bonds have been met, and the Bonds are entitled to the benefit and security of the Indenture.

(d) The person indicated below was, at the time of the execution of the Indenture and the Escrow Agreement and is now the duly elected, qualified and acting incumbent of his or her respective office and, in accordance with the authorization from the Board of Directors of the Bank, as evidenced by the excerpt of the Board of Directors resolution, a true and accurate copy of which is attached as Exhibit A hereto, in his or her official capacity, is authorized to execute and deliver the Indenture, the Escrow Agreement and those other documents as are necessary to complete the financing and the refunding and redemption described therein.

(e) Appearing opposite of the name and title of the person indicated below is a true and correct specimen of his or her signature:

Name and Title	Signature
Thomas A. Vlahakis Vice President	

(f) The Trustee has authenticated the Bonds upon original issuance by manually executing on each of the Bonds a certificate in the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Indenture and has been duly registered in the name of the registered owner set forth hereunder, as of the date set forth hereafter.

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
Its Authorized Officer

(g) The 1999 Trustee, in its capacity as Escrow Agent, has received cash in amount sufficient to pay the redemption price of the 1999 Bonds on March 29, 2010, and, accordingly, to the knowledge of the undersigned the 1999 Bonds are defeased and the 1999 Indenture is discharged in accordance with Article IX thereof, all as of the date hereof.

(h) Capitalized terms used and not otherwise defined have the meaning assigned to those terms in the Indenture.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, The Bank of New York Mellon has caused this Certificate to be executed by its duly authorized officer.

The Bank of New York Mellon, as Trustee

By: _____

Its: _____

DAVID J. O'BRIEN
VICE PRESIDENT

Date: February 25, 2010

{M0626175.4}

EXHIBIT A

EXCERPT FROM RESOLUTION

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Section 6.2 X	
Tadie, Patrick J.	Executive Vice President
Aubry, Barbara	Managing Director
DaSilva, Elizabeth	Managing Director
Fudali, Harold	Managing Director
Griffin, Robert L.	Managing Director
Hatton, Matthew	Managing Director
Hodgetts, Steven M.	Managing Director
Lew, Gary	Managing Director
Lundberg, Loretta A.	Managing Director
Lynch, Jocelyn M.	Managing Director
Magnolia, Douglas J.	Managing Director
Maitland, James W.	Managing Director
Nunes Jr, Antonio A.	Managing Director
O'Neal, Stephen	Managing Director
Palladino, Mauro	Managing Director
Pandiri, Samir	Managing Director
Spedding, John A.	Managing Director
Wilden, Paul D.	Managing Director
Adelson, Melissa	Vice President
Amankwah, Andrews	Vice President
Avizov, Arthur	Vice President
Bush, Gary S.	Vice President
Feig, Martin	Vice President
Flowerday, Robert	Vice President
Gagliardo, John	Vice President
Guiliano, John M.	Vice President
Khanna, Ritu	Vice President
Randall, Michael	Vice President
Sabatino, Michael	Vice President
Shields, Laura M.	Vice President
Thomson, Michael J.S.	Vice President
Valentine, Melinda	Vice President
Section 6.3 A	
Costantino, Richard	Managing Director
MacInnes, Douglas	Managing Director
Bondy, Lance	Vice President
Courcey, Erin	Vice President
Cunningham, Peter H.	Vice President
Dale, Nicola	Vice President
Dunthorne, Peter	Vice President
Eisen, Maria	Vice President
Giurlando, Stephen J.	Vice President
Harchuck, John	Vice President
Herrera, Hector S.	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Howard, Peter A.	Vice President
McIntyre, Robert F.	Vice President
Ng, Agnes	Vice President
O'Leary, Patrick J.	Vice President
Patel, Sonal	Vice President
Peterkin, Christine	Vice President
Polito, John C.	Vice President
Quek, Hwee-Choo	Vice President
Robinson, Craig	Vice President
Rodgers, Jackie	Vice President
Safer, David	Vice President
Sperandio, Michela	Vice President
Stevenson, Christopher	Vice President
Strakosch, Christopher	Vice President
Thorson, Robert	Vice President
Tinnelly, Breige	Vice President
Wagstaff, Robert	Vice President
Wong, Winnie	Vice President
Campbell, Edward	Assistant Vice President
Cruickshank, Caroline	Assistant Vice President
Huang, Disheng	Assistant Vice President
Rodriguez, Miguel	Assistant Treasurer
Stout, Sarah	Assistant Treasurer
Veith, David	Assistant Treasurer
Ward, Jacqueline	Assistant Treasurer

Section 6.3 A and B

Baker, Debra	Managing Director
Cremin, Kevin	Managing Director
Cross, Guy	Managing Director
Duffy, Joseph	Managing Director
Fletcher, Dean	Managing Director
Toolin, Bert	Managing Director
Tsamas, Alex P.	Managing Director
Tavolotti, Luciano	Representative
Mella, Federico	Representative
Adamis, Joanne	Vice President
Amico, Christopher	Vice President
Babb, Richard	Vice President
Barber, Gerard	Vice President
Barger, Watson	Vice President
Barris, Geovanni	Vice President
Bartholomew, Courtney	Vice President
Bashford, Paul A.	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Berry, Christopher	Vice President
Binnie, Kevin F.	Vice President
Blewer, Trevor R.	Vice President
Bobko, John	Vice President
Bogert, Thomas J.	Vice President
Boutros, Pierre	Vice President
Buckley, Tracey	Vice President
Burke, Timothy	Vice President
Byrne, Paul	Vice President
Carey, Lorraine	Vice President
Cerilles, Catherine	Vice President
Chaney, Cynthia J.	Vice President
Chang, Alex T.	Vice President
Chang, Christina	Vice President
Chang, Tae-Ho (Alex)	Vice President
Cheong, Kenneth	Vice President
Choi, Janie K.	Vice President
Clark, Frederick W.	Vice President
Clarke, Cheryl	Vice President
Claypoole, John	Vice President
Clifford, James Hall	Vice President
Coker, Sharon N.	Vice President
Collazo, Elizabeth	Vice President
Costantino, Joseph M.	Vice President
Davenport, Matthew Lynden	Vice President
Davidson, Kimberly	Vice President
Devane, Michael	Vice President
Dicker, Daniel	Vice President
Donohue, Catherine	Vice President
Elland, Wanda	Vice President
Facendola, Gerard F.	Vice President
Farah, Rouba F.	Vice President
Ferry, Karen	Vice President
Fevola, James	Vice President
Fong Esther	Vice President
French, Diane Welsh	Vice President
Fulling, Alan	Vice President
Fumarola, Alessandra	Vice President
Gallagher, Frank	Vice President
Geary, Lisa A.	Vice President
George, Lloyd	Vice President
Greene, Christopher	Vice President
Grell, Christopher J.	Vice President
Griffey, Jeffrey	Vice President
Hacker, Thomas	Vice President
Harris, Andrea	Vice President
Harrison, Daniel	Vice President
Hayden, Peter	Vice President
Hennessey, Elaine	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Hett, Glenn	Vice President
Hewer, Wendy Frances	Vice President
Hieb, Michael C.	Vice President
Iiberg, Karen	Vice President
Iris, Joette	Vice President
Isles, Stephen	Vice President
Jaffe-Goser, Sharon H.	Vice President
Jaklitsch, Lucia	Vice President
Jamison, Michael L.	Vice President
Jobanputra, Sanjay	Vice President
Johnson, George R.	Vice President
Kaczmar, Barbara	Vice President
Kateris, Kalliope E.	Vice President
Kavanagh, David	Vice President
Kerr, David	Vice President
Khoo, Yik Lin	Vice President
Kincaid, Francine J.	Vice President
Ko, I-San	Vice President
Kunak, Glenn J.	Vice President
Lane, Suzanne	Vice President
Lauro, Noraida	Vice President
Lawlor, Joseph M.	Vice President
LeClaire, David	Vice President
Lee, Youn-Soo	Vice President
Leedham, Edmond F.	Vice President
Lewicki, Marybeth	Vice President
Lewis, Deirdre M.	Vice President
Lewis, Neil	Vice President
Lim, Bryan	Vice President
Loncke, Courtney F.	Vice President
Lonibos, David M.	Vice President
Lou, Tammy L.	Vice President
Louis, Matthew G.	Vice President
Luby, Margaret	Vice President
Luciano, Carlos R.	Vice President
Mack, Vanessa	Vice President
Mansoor, Abdul Anam	Vice President
Marson, Roderick Kurt	Vice President
Mate, Joseph	Vice President
Maya, Shalom	Vice President
McCormack, Pauric	Vice President
McDonnell, Kathleen	Vice President
McKeever, Glenn G.	Vice President
McKeon, Leanne	Vice President
McKissick, Aaron	Vice President
McLeod, Andrew J.	Vice President
Milliner, Denis	Vice President
Miranda, Rafael	Vice President
Miselis, Mary	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Mitchell, Glenn	Vice President
Moniaci, Rosario R.	Vice President
Morison, Raymond F.	Vice President
Morris, Joann	Vice President
Murphy, Paul	Vice President
Nash, Steven W.	Vice President
Nasim, Iqbal	Vice President
Needham, John	Vice President
Ntavos, Evangelos	Vice President
O'Brien, David J.	Vice President
O'Brien, Laurence J.	Vice President
O'Brien, Maeve	Vice President
Oliver, Derek	Vice President
Overby, Randall	Vice President
Panepinto, Joseph	Vice President
Parente, Dario J.	Vice President
Parlser, Raphael	Vice President
Penson, Michelle	Vice President
Pereira, Paul V.	Vice President
Perez, Rebeca	Vice President
Perry , Dawn	Vice President
Perry, Kathleen E.	Vice President
Peschler, Robert	Vice President
Petroutsas, Dimitra	Vice President
Pickett, Diane	Vice President
Pine, Kathy	Vice President
Poindexter, Stacey	Vice President
Prata, Mayelle	Vice President
Provenzano, Thomas J.	Vice President
Pszonek, Susan	Vice President
Pullen III, Edward M.	Vice President
Racioppo, Kenneth	Vice President
Rainbird, Kevin M .	Vice President
Rich, Robert W.	Vice President
Riley, Kathleen A.	Vice President
Rothenberg, Stuart	Vice President
Russell, Kathleen G.	Vice President
Russo, Ciro J.	Vice President
Ryan, Aisling	Vice President
Ryan, Ming	Vice President
Shah, Deven	Vice President
Shelton, Michael L.	Vice President
Sibree, Tania E.	Vice President
Simons, Thomas W.	Vice President
Singer, Christine	Vice President
Smith, Neil	Vice President
Smyth, Terry	Vice President
Tam, Eva	Vice President
Taylor, Andrew J.	Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Tepper, Scott	Vice President
Tinnin, Bryon M.	Vice President
Todak, Deborah	Vice President
Toussaint, Amin	Vice President
Trachtenberg, Karen	Vice President
Turner, Kevin P.	Vice President
Vaccarello, Steven V.	Vice President
Valenti, Jennifer J.	Vice President
Varadan, Priya	Vice President
Vayas, Antonio	Vice President
Vlahakis, Thomas	Vice President
Wai, Nelson	Vice President
Weber, Herbert William	Vice President
Wenzler, Craig S.	Vice President
Whelan, Michael	Vice President
White, Michael C.	Vice President
Wilkes, Emma	Vice President
Wynne, Daniel	Vice President
Young, Kevin	Vice President
Young, Louis P.	Vice President
Alimchandani, Bimal	Assistant Vice President
Anin, Samuel	Assistant Vice President
Archer-Smith, James A.	Assistant Vice President
Austin, Latoya	Assistant Vice President
Baker , Joyce	Assistant Vice President
Belen, Fredic	Assistant Vice President
Bershaw, Sharon	Assistant Vice President
Bertolin, Maria	Assistant Vice President
Bharadia, Suresh J.	Assistant Vice President
Birkin, Tom A.	Assistant Vice President
Blondell, Jason	Assistant Vice President
Bourtman, Anna	Assistant Vice President
Brazier, Clare	Assistant Vice President
Burke, Siobhan	Assistant Vice President
Carter, David	Assistant Vice President
Casaccio, Paul	Assistant Vice President
Catania, Paul L.	Assistant Vice President
Cattermole, Paul	Assistant Vice President
Chan, Audrey	Assistant Vice President
Chan, Su Linn Audrey	Assistant Vice President
Chiong, Siew Lin Angie	Assistant Vice President
Chu, Edward	Assistant Vice President
Chu, Susan	Assistant Vice President
Clarke, Candace T.	Assistant Vice President
Cooper, Andrew M.	Assistant Vice President
Corbo, Linda	Assistant Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Crosson, Kelly	Assistant Vice President
Curti, Christopher	Assistant Vice President
Daley, Lesley	Assistant Vice President
Daly, Myles	Assistant Vice President
Das, Suhrita	Assistant Vice President
Dawkin, Stuart	Assistant Vice President
Day, Sally	Assistant Vice President
Denno, Joseph S.	Assistant Vice President
Dermody, John	Assistant Vice President
Diep, Mike T.	Assistant Vice President
Ding, Irene	Assistant Vice President
Ding, Mei Ling	Assistant Vice President
Drew, Michael	Assistant Vice President
Elsom, Mark	Assistant Vice President
Farrell, Paul	Assistant Vice President
Faruolo, Vito	Assistant Vice President
Feely, Aengus	Assistant Vice President
Ferrera, Franca M.	Assistant Vice President
Fleming, Jeffery	Assistant Vice President
Foster, Sarah	Assistant Vice President
Frith, Deanna	Assistant Vice President
Gentile, Colette R.	Assistant Vice President
Gilmore, Sean	Assistant Vice President
Grace, Anthony	Assistant Vice President
Greene, Karon	Assistant Vice President
Griffin, John	Assistant Vice President
Guerra, Melquides	Assistant Vice President
Gusz, Kristine	Assistant Vice President
Gutierrez, Erin	Assistant Vice President
Hancock, Melissa	Assistant Vice President
Harvin, Beata	Assistant Vice President
Heery, Orla	Assistant Vice President
Hollingsworth, Jeremy	Assistant Vice President
Hopt, William	Assistant Vice President
Huang, Pei	Assistant Vice President
Hughes, Catherine	Assistant Vice President
Hume, David	Assistant Vice President
Husbands, Steve Mckenley	Assistant Vice President
Hynes, Peter	Assistant Vice President
Imbach, Francesca N.	Assistant Vice President
Ippolito, Paolo	Assistant Vice President
Jauny, Stephane	Assistant Vice President
Jeanes, Mark	Assistant Vice President
Joseph, Maryann	Assistant Vice President
Kandarova, Ilona A.	Assistant Vice President
Kehoe, Lisa	Assistant Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Kelly, James	Assistant Vice President
Khawaja, Suhail	Assistant Vice President
Kildea, Dennis	Assistant Vice President
LaBarbera, Joann	Assistant Vice President
Lago, Edgar R.	Assistant Vice President
Laidley, Melissa	Assistant Vice President
Lam, Helen	Assistant Vice President
Lam, Tze-Kit	Assistant Vice President
Lawlor, Janet	Assistant Vice President
Leahy, Charles	Assistant Vice President
Leaker, Donna	Assistant Vice President
Lee, Kris	Assistant Vice President
Leledaki, Garyfalia	Assistant Vice President
Li, Man-Yan	Assistant Vice President
Liu, Li-May Laura	Assistant Vice President
Lynch, Damien	Assistant Vice President
Marzella, Guy	Assistant Vice President
Massingill, Travis	Assistant Vice President
McDermott, Natasha	Assistant Vice President
Melendez, Rosemary	Assistant Vice President
Moraca, Miriam	Assistant Vice President
Mule, Gaspare	Assistant Vice President
Mulvihill, Grace	Assistant Vice President
Muneshwar, Bibi	Assistant Vice President
Myers, Andrea	Assistant Vice President
Nascimento, Marcia	Assistant Vice President
Ng, Meime	Assistant Vice President
Nolan, Jennifer	Assistant Vice President
Nystrom, Carl-Henrik	Assistant Vice President
O'Brien, Alan	Assistant Vice President
O'Mahoney, Christopher	Assistant Vice President
Pagano, Alfonso	Assistant Vice President
Pahkala, Noora	Assistant Vice President
Patel, Bhavik	Assistant Vice President
Pellicano, Stacey	Assistant Vice President
Pena, Angelita	Assistant Vice President
Petkova, Kamelia	Assistant Vice President
Petraitis, Mary Ann	Assistant Vice President
Phillips, Rosemary	Assistant Vice President
Plear, Tonya	Assistant Vice President
Potes, William	Assistant Vice President
Qureshi, Farruhk	Assistant Vice President
Ragan, Tammy	Assistant Vice President
Reed, Timothy	Assistant Vice President
Romeo, Odell D.	Assistant Vice President
Schwartz, Carolyn	Assistant Vice President

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Sexton, Frances	Assistant Vice President
Shah, Ashish	Assistant Vice President
Shariand, Alexander	Assistant Vice President
Slavkov, Dimitre	Assistant Vice President
Small, Claudia	Assistant Vice President
Souter, Edward	Assistant Vice President
Stairker, Kara	Assistant Vice President
Strietzel, Robert	Assistant Vice President
Tam, Man Ho	Assistant Vice President
Tan, Valetia	Assistant Vice President
Taylor, Kristen	Assistant Vice President
Tessler, Adam	Assistant Vice President
Thelwell, Arlene	Assistant Vice President
Thomas, Jason	Assistant Vice President
Thompson, Jennie	Assistant Vice President
Thuo, Marco	Assistant Vice President
Tokarz, Maria	Assistant Vice President
Townsend, Paul	Assistant Vice President
Triolo, Filippo	Assistant Vice President
Uwhuba, Tsola	Assistant Vice President
Vaporean, Karen	Assistant Vice President
Walsh, Kevin John	Assistant Vice President
Wiblishauser, Michael	Assistant Vice President
Yoon, Youngmi	Assistant Vice President
Zando, Mark	Assistant Vice President
Zhu, Lici	Assistant Vice President
Zuniga, Jeriel	Assistant Vice President
Abedin, Roisul	Assistant Treasurer
Aggus, James	Assistant Treasurer
Alcantara, Jose	Assistant Treasurer
Antoine, Esther D.	Assistant Treasurer
Ashby, Luke	Assistant Treasurer
Au, Carol	Assistant Treasurer
Austin, Charles	Assistant Treasurer
Baez, Henry	Assistant Treasurer
Barrett, Paul	Assistant Treasurer
Bartlett, Jamie	Assistant Treasurer
Basis, Tatyana	Assistant Treasurer
Batista, Maria	Assistant Treasurer
Bausa, Anthony	Assistant Treasurer
Benson, James	Assistant Treasurer
Berkecz, Natalie	Assistant Treasurer
Blaszcyk, Anna	Assistant Treasurer
Blewer, Alex	Assistant Treasurer
Bowley, Amy	Assistant Treasurer
Briones, Eugene	Assistant Treasurer

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Burack, Michael	Assistant Treasurer
Burgos, Raul	Assistant Treasurer
Burleigh, Sarah A.	Assistant Treasurer
Burzynska, Anna	Assistant Treasurer
Cabej, Mirela	Assistant Treasurer
Cabrera, Hilda	Assistant Treasurer
Carmody, Hamish	Assistant Treasurer
Casasnovas, Bridgette	Assistant Treasurer
Casey, Timothy	Assistant Treasurer
Cave, Gregory	Assistant Treasurer
Cerchio, Michael	Assistant Treasurer
Chan, Shirley	Assistant Treasurer
Chung, Tin Wan	Assistant Treasurer
Conway, Christine	Assistant Treasurer
Cronin, Jade	Assistant Treasurer
De Caux, Laura	Assistant Treasurer
Donleavy, John	Assistant Treasurer
Eng, Kevin	Assistant Treasurer
Fischer, Jared	Assistant Treasurer
Fishbourne, Michael	Assistant Treasurer
Fornes, Brandon	Assistant Treasurer
Froede, Amanda	Assistant Treasurer
Fudge, Craig	Assistant Treasurer
Garcia, Miguel	Assistant Treasurer
Genkin, Maksim	Assistant Treasurer
George, Michael	Assistant Treasurer
Grose, Christopher	Assistant Treasurer
Halpin, Helen	Assistant Treasurer
Hang, Eleanor	Assistant Treasurer
Harrison, Karen B.	Assistant Treasurer
Haslett, Damian	Assistant Treasurer
Hennessy, Margaret-Anne	Assistant Treasurer
Herrmann, William	Assistant Treasurer
Hoey, Brian	Assistant Treasurer
Hughes, Zachary	Assistant Treasurer
Hussain, Nadia	Assistant Treasurer
Jandu, Gurdip	Assistant Treasurer
Jean-Paul, Cindy	Assistant Treasurer
Jehangir, Zaira	Assistant Treasurer
Jhingoor, Vincent	Assistant Treasurer
Jones, Ciaran	Assistant Treasurer
Jones, Regina	Assistant Treasurer
Khan, Bakhtiarul	Assistant Treasurer
Klein, Scott	Assistant Treasurer
Kotkin, Gregg	Assistant Treasurer
Koutsavgousti, Amneris	Assistant Treasurer
Kuhn, Jacqueline	Assistant Treasurer
Kwok, Amy	Assistant Treasurer
Lawlor, Michael	Assistant Treasurer

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Lee, Michael	Assistant Treasurer
Lui, Wesley	Assistant Treasurer
Mac Eochaidh, Treabhor	Assistant Treasurer
Mara, Damien	Assistant Treasurer
Maraite, Nicolas	Assistant Treasurer
Marcazzan, Stella	Assistant Treasurer
Maree, Ross	Assistant Treasurer
Martin, Barry	Assistant Treasurer
McCann, Johanna	Assistant Treasurer
McKay, Thomas	Assistant Treasurer
Meloni, Annarita	Assistant Treasurer
Mesa, Vanessa	Assistant Treasurer
Militaru, Arabela	Assistant Treasurer
Miller, Ashia N.	Assistant Treasurer
Miller, Reshu	Assistant Treasurer
Mills-Kramer, Judith	Assistant Treasurer
Mirsky, David	Assistant Treasurer
Morgan, Wendy	Assistant Treasurer
Morison, Alex	Assistant Treasurer
Moss, Valerie	Assistant Treasurer
Motusesky, Paul	Assistant Treasurer
Mulkearns, Michael	Assistant Treasurer
Na, Ki Un	Assistant Treasurer
O Murchadha, Colm	Assistant Treasurer
O'Brien, Kieran	Assistant Treasurer
Oommen, Anish	Assistant Treasurer
Orkis, Rachel E.	Assistant Treasurer
Osipowicz, Tomaiz	Assistant Treasurer
Pallier, Beatrice	Assistant Treasurer
Patel, Bhavik	Assistant Treasurer
Perkins, Jonathan	Assistant Treasurer
Popova, Liliya	Assistant Treasurer
Pule, David	Assistant Treasurer
Quinoa, Carlos	Assistant Treasurer
Reatz, Alissa	Assistant Treasurer
Reinle, Philip	Assistant Treasurer
Robertson, Andrew	Assistant Treasurer
Rooney, John	Assistant Treasurer
Russo, Anthony	Assistant Treasurer
Russo, Janet M.	Assistant Treasurer
Rydge, James	Assistant Treasurer
Rydge, James	Assistant Treasurer
Sabino, Matthew	Assistant Treasurer
Samir, Margaret	Assistant Treasurer
Scrivano, Patricia	Assistant Treasurer
Segro, Marcelly	Assistant Treasurer
Setterlund, Sarah	Assistant Treasurer
Sheehan, Sarah	Assistant Treasurer
Sheridan, Tracy	Assistant Treasurer

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE
Spelman, Karl	Assistant Treasurer
Spence, O'Neil	Assistant Treasurer
Stewart, Deborah	Assistant Treasurer
Stone, Dennis	Assistant Treasurer
Stosik, Pawel	Assistant Treasurer
Sun, Nancy	Assistant Treasurer
Surjadhi, Adrianus Andimulia	Assistant Treasurer
Taylor, Tyrone	Assistant Treasurer
Teh, Samuel	Assistant Treasurer
Terezian, Alan	Assistant Treasurer
Thomas, Dionne	Assistant Treasurer
Thomas, Sherma	Assistant Treasurer
Thompson, Claire	Assistant Treasurer
Thompson, Darrel X.	Assistant Treasurer
Tran, Alice	Assistant Treasurer
Turkel, Adam	Assistant Treasurer
Voiner, Michael	Assistant Treasurer
Walker, Erika	Assistant Treasurer
Watts, Tim	Assistant Treasurer
Whelan, Justin	Assistant Treasurer
White, Jonathan	Assistant Treasurer
Williams, Audrey	Assistant Treasurer
Willis, Clare	Assistant Treasurer
Witty, Matt	Assistant Treasurer
Wright, Teisha	Assistant Treasurer
Wye, Lynee	Assistant Treasurer
Yiu, Anna	Assistant Treasurer
Zacharias, Sanil	Assistant Treasurer
Zhang, Paul	Assistant Treasurer
Zuniga, Roxanne	Assistant Treasurer
Bass, Louise	CT Administrator, Sr
Bell, David	CT Group Mgr - Global
Chung, Won Hee	Relationship Manager
Dipesh, Adhikare	Relationship Manager
Feliciano, Reyes	Relationship Manager
Gevertzman, Jason	Relationship Manager
McNamara, Joellen	Relationship Manager
Reibert, Beverly	Workflow Coordinator

GLOBAL CORPORATE TRUST

OFFICIAL SIGNING AUTHORITY

Pursuant to Article 6, Section 6.2 and Section 6.3 of the By-Laws of The Bank of New York Mellon, I hereby confirm the signing authority noted next to the following individuals:

NAME	TITLE

Carmela Ehret

Carmela Ehret
Vice President - GCT Office of Policy and Regulatory Reporting

2-20-09

Date

SIGNING AUTHORITIES
Extracts from By-Laws of
THE BANK OF NEW YORK MELLON
ARTICLE VI
As amended through July 1, 2008

SECTION 6.1 ***Real Property.*** Real property owned by the Bank in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Bank in its own right with such maximum values as the Board may fix in its authorizing resolution.

SECTION 6.2 ***Senior Signing Powers.*** Subject to the exception provided in Section 6.1, the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Bank in all transactions arising out of, or in connection with, the normal course of the Bank's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Bank thereto. In such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Bank authorized in or pursuant to Section 6.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 6.2, is authorized to attest to the seal of the Bank on any documents requiring such seal.

SECTION 6.3. ***Limited Signing Powers.*** Subject to the exception provided in Section 6.1, in such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time to time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Bank to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

SECTION 6.4 ***Powers of Attorney.*** All powers of attorney on behalf of the Bank shall be executed by any officer of the Bank jointly with the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors and, at foreign branches only, by any two officers provided one of such officers is the Branch Manager.

SECTION 6.5. ***Auditor.*** The Chief Auditor or any officer designated by the Chief Auditor is authorized to certify in the name of, or on behalf of the Bank, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Section 6.3 of the By-laws

RESOLVED, that, pursuant to Section 6.3 of the By-laws of The Bank of New York, authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Bank; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Bank's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification;

receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Bank as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Bank in trust or in connection with any transaction with respect to which the Bank is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Bank or to affix the seal of the Bank to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Bank in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Bank products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Company.

THE BANK OF NEW YORK MELLON

I, the undersigned, PATRICIA A. BICKET, SECRETARY of THE BANK OF NEW YORK MELLON, a New York banking corporation with trust powers (the "Bank") having its principal office at One Wall Street, New York, New York 10286, DO HEREBY CERTIFY that the following individual is a duly appointed and qualified Vice President of the Bank who signs as follows:

Paragraphs A, C2 and J
Thomas Vlahakis

I FURTHER CERTIFY that as of this date he has been authorized to sign on behalf of the Bank in discharging or performing his duties in accordance with the limited signing powers provided under Section 6.3 of the By-laws of the Bank and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Bank.

Attached hereto are true and correct copies of excerpts of the By-laws of the Bank and the signing authority resolution which have not been amended or revised since July 4, 2009 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon this 6th day of July, 2009.

Patricia A. Bicket
Secretary

Patricia A. Bicket
Vice President and Secretary
One Wall Street, 9th Floor, New York 10286
T 212 635 1787 F 212 635 1269 C 908 307 4933 patricia.bicket@bnymellon.com

SIGNING AUTHORITIES
Extracts from By-Laws of
THE BANK OF NEW YORK MELLON
ARTICLE VI
As amended through July 4, 2009

SECTION 6.1 ***Real Property.*** Real property owned by the Bank in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Bank in its own right with such maximum values as the Board may fix in its authorizing resolution.

SECTION 6.2 ***Senior Signing Powers.*** Subject to the exception provided in Section 6.1, the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Bank in all transactions arising out of, or in connection with, the normal course of the Bank's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Bank thereto. In such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Bank authorized in or pursuant to Section 6.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 6.2, is authorized to attest to the seal of the Bank on any documents requiring such seal.

SECTION 6.3. ***Limited Signing Powers.*** Subject to the exception provided in Section 6.1, in such instances as in the judgment of the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time to time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Bank to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

SECTION 6.4 ***Powers of Attorney.*** All powers of attorney on behalf of the Bank shall be executed by any officer of the Bank jointly with the Chief Executive Officer, the President, any Vice Chairman, any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors and, at foreign branches only, by any two officers provided one of such officers is the Branch Manager.

SECTION 6.5. ***Auditor.*** The Chief Auditor or any officer designated by the Chief Auditor is authorized to certify in the name of, or on behalf of the Bank, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Section 6.3 of the By-laws

RESOLVED, that, pursuant to Section 6.3 of the By-laws of The Bank of New York Mellon authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Bank; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Bank's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $100,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification;

receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Bank for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Bank as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Bank in trust or in connection with any transaction with respect to which the Bank is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Bank or to affix the seal of the Bank to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Bank in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Bank products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Company.

DIRECTION TO REDEEM

$2,895,000
Charleston Building Commission Lease-Revenue Bonds
(Center for Arts and Sciences of West Virginia Project), Series 1999

CUSIPS: 160506AF8 ($300,000)
160506AG6, ($940,000)
160506AH4 ($935,000)

To: **VIA FACSIMILE TRANSMISSION (973) 357-7840**
The Bank of New York Mellon (as successor in interest
to Bank One, West Virginia, National Association), as Trustee
385 Rifle Camp Road, 3rd Floor
West Paterson, NY 97424
Attention: Mid-Atlantic Municipal Sales

Pursuant to Subsection 303 of the Bond Indenture dated as of December 1, 1999 (the "1999 Indenture"), between the Charleston Building Commission (the "Issuer") and Bank One, West Virginia, National Association, as predecessor in interest to The Bank of New York Mellon, as trustee (the "Trustee"), the undersigned, at the request of The City of Charleston, West Virginia, hereby directs the redemption of all the above-referenced bonds (the "Bonds") on March 29, 2010. The redemption shall be at the redemption price of 102% of par, plus interest accrued to the redemption date and shall be as otherwise specified in the 1999 Indenture and the Escrow Agreement dated the date hereof between the Issuer and the Trustee, as Escrow Agent.

Dated: February 25, 2010.

CHARLESTON BUILDING COMMISSION

By R. Brooks Tracy
Its Chairman

$2,895,000
Charleston Building Commission Lease-Revenue Bonds
(Center for Arts and Sciences of West Virginia Project), Series 1999

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), is made and entered into the 25th day of February 2010, by and between the CHARLESTON BUILDING COMMISSION (the "Issuer"), and THE BANK OF NEW YORK MELLON, as Escrow Agent and 1999 Trustee (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, pursuant to a Bond Indenture dated as of June 1, 1999 (the "1999 Indenture"), with The Bank of New York Mellon, as successor in interest to Bank One, West Virginia, National Association, as trustee (the "1999 Trustee"), issued its Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project) , Series 1999 in the original principal amount of $2,895,000, dated June 1, 1999 (the "Series 1999 Bonds"), of which $2,175,000 principal amount remains outstanding (the "Bonds To Be Refunded");

WHEREAS, the Issuer, pursuant to a Bond Ordinance duly passed and effective as supplemented on February 16, 2010 (the "Ordinance"), and a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), with The Bank of New York Mellon, as trustee (the "Trustee"), authorized the issuance of its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Series 2010A Bonds"), in the principal amount of $2,225,000, and its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Seires 2010B (Taxable) (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Bonds"), in the principal amount of $55,000, both dated the date hereof, to currently refund the Bonds To Be Refunded and to pay the costs of issuing the Bonds and of such refunding;

WHEREAS, there will be delivered to the Escrow Agent or transferred by the Escrow Agent in its capacity as 1999 Trustee, as applicable, contemporaneously with the execution and delivery hereof and the issuance of the Bonds, for deposit in the Escrow Fund established hereunder, (i) $2,171,406.73 from the proceeds of the Bonds and (ii) $88,564.53 from the funds and accounts on deposit under the 1999 Indenture, for a total of $2,259,971.26 (the "Escrow Deposit");

WHEREAS, the Escrow Deposit will consist of cash in amount sufficient, without investment, as to insure the payment on March 29, 2010 (the "Redemption Date"), of the redemption price of the Bonds To Be Refunded, being 102% of the principal amount thereof, together with the interest accrued thereon to the Redemption Date (collectively, the "Redemption Price");

WHEREAS, the Issuer has found it desirable to appoint the Escrow Agent and the Escrow Agent has agreed to such appointment for the purposes of holding title, as trustee, to the cash deposit, disbursing to the paying agent such amounts as may be necessary to provide for payment of the Redemption Price of the Bonds To Be Refunded

on the Redemption Date and holding, investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the mutual agreements contained herein, and in order further to secure payment of the Bonds To Be Refunded, as hereinabove provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Issuer hereby appoints The Bank Of New York Mellon as Escrow Agent for the Escrow Fund (as defined below). The Escrow Agent hereby acknowledges receipt of true and correct copies of the 1999 Indenture and the Indenture, copies of which are made a part hereof and incorporated herein. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Indenture.

2. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "Escrow Fund," to be held in the custody of the Escrow Agent, separate and apart from any other funds of the Issuer or the Escrow Agent, including in its capacity as Trustee. The deposit of moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust for, and such moneys together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to the payment of the Redemption Price on the Redemption Date, all in accordance with paragraph 6 hereof.

3. Concurrently with the delivery of the Series 2010A Bonds, the Escrow Agent, (a) in its capacity as Trustee, shall deposit in the Escrow Fund the sum of $2,171,406.73 from the proceeds of the Series 2010A Bonds and (b) in its capacity as 1999 Trustee, shall transfer to the Escrow Fund the sum of $88,564.53 from the funds and accounts on deposit under the 1999 Indenture, for a total of $2,259,971.26 (as previously defined, the "Escrow Deposit"). The Escrow Deposit shall be used solely to pay the Redemption Price of the Bonds To Be Refunded on the Redemption Date.

4. The Escrow Agent, in its capacity as 1999 Trustee, acknowledges that it has received the notice of redemption required by Section 303 of the 1999 Indenture and waives any prior or additional notice thereof.

5. A copy of a Notice of Redemption is attached as Exhibit A hereto. The Escrow Agent, in its capacity as 1999 Bond Trustee, is hereby authorized and directed to cause the Notice of Redemption to be given to the registered owners of the 1999 Bonds on the date hereof in accordance with Section 305 and other applicable requirements of the 1999 Indenture.

6. Pending the Redemption Date, the Escrow Agent shall invest the Escrow Deposit in Dreyfus Government Prime Cash Management Fund. If the Issuer requests in writing, upon which the Escrow Agent may conclusively rely, that the Escrow Agent use the moneys in the Escrow Fund to purchase certain United States Treasury Obligations, and upon receipt of an opinion of nationally recognized bond counsel that such substitution will not affect the tax-exempt status of interest on the Series 2010A Bonds under the Internal Revenue Code of 1986, as amended and then in effect (the "Code"), the Escrow Agent may substitute United States Treasury Obligations for the cash in the Escrow Fund, provided that such United States Treasury Obligations being

substituted must be non-callable obligations of the United States of America ("Direct Obligations"), must be sufficient to pay the Redemption Price on the Redemption Date and provided further, that the Escrow Agent receives verification by a certified public accountant of the sufficiency of the escrowed securities to pay the Redemption Price on the Redemption Date.

7. The Escrow Agent shall transfer from the Escrow Fund and deposit directly with the Trustee for the Bonds To Be Refunded, in immediately available funds on the Redemption Date, an amount sufficient to pay the Redemption Price.

8. The holders of the Bonds To Be Refunded shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

9. After the provision for payment of all the Bonds To Be Refunded and the interest thereon, any amounts remaining in the Escrow Fund shall be immediately transferred to the Trustee for the Series 2010A Bonds and applied to the next ensuing interest payment on the Series 2010A Bonds.

10. The Escrow Agent shall be entitled to fees for services rendered under this Agreement and reasonable expenses. The Issuer shall pay those fees and expenses from its own funds. In no event shall the Escrow Agent or any paying agent have any lien whatsoever upon any of the moneys or assets in the Escrow Fund for the payment of any fees or expenses.

11. The Issuer hereby covenants that it will not direct the Escrow Agent to invest moneys or funds at any time in the Escrow Fund in any securities or obligations, the acquisition of which would cause any of the Bonds To Be Refunded or the Series 2010A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, or to be subject to treatment under Section 148 as an obligation not described in Section 103 of the Code.

12. The Escrow Agent shall not have any responsibility with respect to the sufficiency of this Agreement to effect payment, redemption or defeasance of the Bonds To Be Refunded. The liability of the Escrow Agent for the payment of the principal of and the interest on, the Bonds To Be Refunded shall be limited to the application of the moneys and assets available for such purposes in the Escrow Fund, and the Escrow Agent shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Agreement. The Escrow Agent shall have no responsibility to the Issuer or any other person in connection with this Agreement, except as specifically provided herein, and shall not be responsible for anything done or omitted to be done by it except for its own negligence or willful default in the performance of any obligation imposed on it hereunder. Notwithstanding any provision herein to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. To the extent provided by law, the Issuer hereby agrees to indemnify and hold harmless the Escrow Agent and its officers, directors, and employees from and against any and all costs, claims, liabilities, losses or damages whatsoever (including reasonable fees, costs and expenses of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of the trusts established pursuant to the Indenture, except costs, claims,

liabilities, losses or damages resulting from the negligence or willful misconduct of the Escrow Agent including the reasonable fees, costs and expenses (including the reasonable fees, costs and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision. The indemnifications set forth herein shall survive the termination of this Agreement or the sooner resignation or removal of the Escrow Agent and shall inure to the benefit of the Escrow Agent's successors and assigns.

13. By execution of this Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent represents that it has all requisite power, and has taken all action necessary to execute the trusts hereby created.

14. If the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may inquire and consult with the Issuer, at any time. The Escrow Agent may request an opinion of counsel for a determination of any legal issue which might arise in the performance of its duties hereunder and may act in accordance with the advice given in such opinion and shall not be liable for any action taken, suffered or omitted by the Escrow Agent in good faith upon the advice of such counsel. It is expressly understood and agreed that the Escrow Agent's duties and obligations in connection with this Agreement are confined to those expressly defined herein and no additional covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may act through its agents and attorneys appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any such person so appointed. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available, established and maintained under this Agreement; the Escrow Agent shall not be required to expend its own funds for the performance of its duties hereunder. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances. The Issuer acknowledges that the rights and protections provided to the Escrow Agent, in its capacity as the 1999 Trustee under the 1999 Indenture shall be afforded the Trustee with respect to this Agreement.

15. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement.

16. The Escrow Agent may conclusively rely and act upon any notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other instrument or document which the Escrow Agent in good faith believes to be genuine and correct and to have been signed or sent by the proper person or persons.

17. The Escrow Agent may resign or be removed by the Issuer, and thereby become discharged from the trusts hereby created, by notice given to the Issuer and each insurer of any of the Bonds To Be Refunded not less than 30 days before such resignation or removal shall take effect. Such resignation or removal shall take effect immediately, however, upon the earlier appointment of a new Escrow Agent hereunder and acceptance of the trusts hereby created. The Escrow Agent shall continue to serve as Escrow Agent until a successor is appointed and the funds held hereunder transferred. The Escrow Agent shall provide a proper accounting to the Issuer of all funds deposited pursuant to this Agreement within 30 days of the appointment of a successor Escrow Agent. If no such appointment has been made at the end of the 30-day period, the Escrow Agent may petition a court of competent jurisdiction for appointment of a successor or temporary Escrow Agent. In the event of the resignation or removal of the Escrow Agent, the Escrow Agent shall rebate to the Issuer any fees theretofore paid in advance by the Issuer to the Escrow Agent for its services under this Agreement.

18. This Agreement is made for the benefit of the Issuer, the Escrow Agent and the registered owners from time to time of the Bonds To Be Refunded, except as otherwise expressly provided herein. This Agreement may be modified or amended in writing at anytime by the parties hereto, provided, however, that no such modification or amendment shall be made which would materially adversely affect the interest of any of the holders of the Bonds To Be Refunded.

19. If any of the Bonds To Be Refunded are not presented for payment on the Redemption Date, and moneys are held by the Escrow Agent for payment thereof, but not including any funds held by the paying agent for the Bonds To Be Refunded, such moneys shall be held for such purposes for a period of two years from the date such payment was due, at which time such moneys shall be paid to the City. Following such payment to the City, the City shall be responsible for payment to any registered owner of the Bonds To Be Refunded presenting the Bonds To Be Refunded to the Escrow Agent of the amount payable to such registered owner. Notwithstanding the foregoing, the City's obligation to make such payment shall not be considered a debt or general obligation of the City, and the registered owner shall not have any right to have taxes levied for such purpose.

20. The Escrow Agent in its capacity as the 1999 Bond Trustee shall act on behalf of the Issuer in the conduct of the proceedings for the redemption of the Bonds To Be Refunded to be redeemed in accordance with the 1999 Indenture.

21. This Agreement shall terminate on the earlier of the date on which all the Bonds To Be Refunded have been paid in full and discharged in accordance with the respective provisions of the 1999 Indenture or, as described in Paragraph 19 above, two years after the last date on which payment on the Bonds To Be Refunded is due, and at such time the balance of the Escrow Fund shall be transferred to the City; provided, that the City's obligations set forth in Paragraph 19 shall continue after such termination.

22. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

23. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

24. This Agreement is made in the State of West Virginia under the Constitution and laws of such state and is to be so construed without regard to conflict of law principles.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CHARLESTON BUILDING COMMISSION

R. Brawley Tracy

Chairman

THE BANK OF NEW YORK MELLON

Its: Authorized Representative

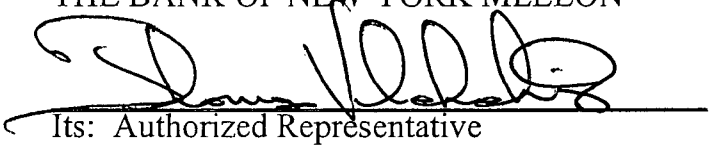
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CHARLESTON BUILDING COMMISSION

_____

Chairman

THE BANK OF NEW YORK MELLON



Its: Authorized Representative

{M0626198.4}

NOTICE OF REDEMPTION

$2,895,000 CHARLESTON BUILDING COMMISSION
LEASE-REVENUE BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT), SERIES 1999

Dated June 1, 1999

CUSIPS: 160506AF8 ($300,000)
160506AG6, ($940,000)
160506AH4 ($935,000)

NOTICE IS HEREBY GIVEN on behalf of the Charleston Building Commission (the "Commission") to the Holders of the Series 1999 Bonds described above (the "Bonds"), which Bonds were issued pursuant to a Bond Indenture dated as of June 1, 1999 (the "Series 1999 Indenture"), between the Commission and Bank One, West Virginia, National Association (predecessor in interest to The Bank of New York Mellon), as trustee (the "Bond Trustee"). All of the Bonds are being called for optional redemption on the following redemption date (the "Redemption Date") and at the following redemption price (the "Redemption Price"):

Redemption Date: **March 29, 2010**

Redemption Price: **102% of the principal amount of the Bonds, plus accrued but unpaid interest to the Redemption Date**

The Redemption Price will be payable upon presentation of the Bonds at the principal office of the Bond Trustee, as follows:

By Mail:

The Bank of New York Mellon
P.O. Box 396
East Syracuse, NY 13057
Attn: Bond Redemption Unit

By **Hand Delivery / Overnight Mail:**

The Bank of New York Mellon
111 Sander Creek Parkway
East Syracuse, NY 13057
Attn: Bond Redemption Unit

The funds for payment of the Series 1999 Bonds have been deposited in escrow with The Bank of New York Mellon, as Escrow Trustee, and the lien of the 1999 Indenture has been discharged as of the date hereon. On the Redemption Date, the Bonds will cease to bear interest.

Publication Date for Securities Depository Purposes: The Interest Payment Date prior to the Redemption Date is December 1, 2009.

A copy of the Series 1999 Indenture and other documents relating to the Bonds are on file at the corporate trust office of the Bond Trustee, for inspection by any Holder of the Bonds, at the following address: The Bank of New York Mellon
385 Rifle Camp Road, 3rd Floor
West Paterson, New Jersey 07424
Attn: Corporate Trust Department
Phone: (973) 247-4742

Dated: February 26, 2010

CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)

By The Bank of New York Mellon, as Trustee

NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers herein are being provided solely for the convenience of the Owners of the Bonds and neither the Bond Trustee nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy.

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)

LEASE-REVENUE BONDS (CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)SERIES 1999

NOTICE IS HEREBY GIVEN that there have been called for full redemption on March 29, 2010 all outstanding Bonds of the above captioned bonds, totaling $2,175,000 in principal amount, plus applicable premium, if any, as listed below:

Maturity	Amount	Rate	Redemption Price	CUSIP No.*
06/01/2012	$300,000	5.30%	102.00%	160506AF8
06/01/2019	$940,000	5.85%	102.00%	160506AG6
06/01/2024	$935,000	5.95%	102.00%	160506AH4

The Bonds are being called pursuant to the redemption provisions of the governing documents at the referenced Redemption Price plus accrued interest to March 29, 2010 on which date all interest on the Bonds will cease to accrue. Holders of the Bonds are requested to present their Bonds, at the following addresses:

First Class/Registered/Certified
The Bank of New York Mellon
Global Corporate Trust
P.O. Box 2320
Dallas, Texas 75221-2320

Express Delivery Only
The Bank of New York Mellon
Global Corporate Trust
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand Only
The Bank of New York Mellon
Global Corporate Trust
Corporate Trust Window
101 Barclay Street 1st Floor East
New York, New York 10286

CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
By: The Bank of New York Mellon Trust Company, N.A.
as Trustee or Agent
Bondholder Communications: 800-254-2826

THE BANK OF
NEW YORK MELLON

Dated: February 26, 2010

IMPORTANT TAX NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

**Note: The Issuer and Trustee/Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

RELEASE AND TERMINATION OF LEASES

This RELEASE AND TERMINATION OF LEASE is made as of the 1st day of February 2010, and effective the 25th day of February 2010, by and between Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation, formerly known as Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), and the Charleston Building Commission, a public corporation and municipal building commission organized and existing under the laws of the State of West Virginia (the "Commission").

For valuable consideration, the Corporation does hereby release and surrender, and the Commission does hereby accept the release and surrender, of all of the Corporation's right, title and interest under that certain Contract of Lease-Purchase dated as of June 1, 1999, by and between the Commission, as lessor, and the City, as lessee, and recorded in the office of the Clerk of the County Commission of Kanawha County, West Virginia, at Lease Book 244, page 232.

[Remainder of page intentionally left blank.]

RELEAS 1162 499
Recorded In Above Book and Page
03/08/2010 04:16:52 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax	0.00
Recording Fee	11.00
TOTAL	11.00

IN WITNESS WHEREOF, Clay Center for the Arts and Sciences of West Virginia, Inc., and the Charleston Building Commission have caused this document to be executed by officers who are duly authorized therefor.

CHARLESTON BUILDING COMMISSION,
a public corporation and municipal building commission

By _____
Its Chairman

CLAY CENTER FOR THE ARTS AND SCIENCES OF WEST VIRGINIA, INC., a West Virginia nonprofit corporation

By _____
Its President

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 24th day of February 2010, by R. Brawley Tracy, the Chairman of the Charleston Building Commission, a public corporation and municipal building commission, on behalf of the public corporation and municipal building commission.

[stamp]
OFFICIAL SEAL
STATE OF WEST VIRGINIA
SAMME L. GEE
Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322
My Commission Expires April 6, 2014

My commission expires April 16, 2014.

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 25th day of February 2010 by Judith L. Wellington, Ph.D., the President of Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation, on behalf of said corporation.

My commission expires December 16, 2019.

[stamp]
NOTARY PUBLIC OFFICIAL SEAL
ROBIN B. MORRIS
State of West Virginia
My Commission Expires December 16, 2019
605 MARGARET STREET CHARLESTON, WV 25301

Robin B. Morris
Notary Public

This instrument was prepared by Taunja Willis-Miller, Jackson Kelly PLLC, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on MAR 8 2010 and the same is admitted to record.

Teste: Vera J. McCormick Clerk

Kanawha County Commission

RELEASE OF BOND INDENTURE AND SECURITY AGREEMENT

For valuable consideration, THE BANK OF NEW YORK MELLON, as successor in interest to Bank One, West Virginia, National Association, as Trustee thereunder (the "Trustee"), does hereby RELEASE the lien of that certain Bond Indenture dated as of June 1, 1999, between the Charleston Building Commission and the Trustee and the lien of that certain Security Agreement dated as of June 1, 1999, among the Charleston Building Commission, the Center for Arts and Sciences of West Virginia, Inc. (now known as the Clay Center for Arts and Sciences of West Virginia, Inc.), and the Trustee and recorded in the office of the Clerk of the County Commission of Kanawha County, West Virginia, in Book 2552, page 122, the indebtedness being secured thereby having been satisfied.

IN WITNESS WHEREOF, THE BANK OF NEW YORK MELLON, as Trustee, has caused its corporate name to be hereunto signed by its proper officer thereunto duly authorized, as of the 1st day of February, effective February 25, 2010.

THE BANK OF NEW YORK MELLON, New York banking corporation, as Trustee

By: _____

Its: Vice President

RELEAS 1162 113
Recorded In Above Book and Page
02/25/2010 03:07:37 PM
Vera J. McCormick
County Clerk
Kanawha County, WV

Deed Tax	0.00
Recording Fee	11.00
TOTAL	11.00

STATE OF New Jersey,

COUNTY OF Morris County, to-wit:

The foregoing instrument was acknowledged before me this _____day of February 2010 by Thomas A. Vlahakis, an authorized representative of THE BANK OF NEW YORK MELLON, a New York banking corporation, as Trustee, on behalf of said corporation.

Roseann Vegas
Notary Public
New Jersey
My Commission Expires 2-24-2014

My commission expires_____.

[stamp]

Notary Public

This instrument was prepared by Taunja Willis-Miller, Jackson Kelly PLLC, 150 Clay Street, Suite 500, Morgantown, West Virginia 26501.

This instrument was presented to the Clerk of the County Commission of Kanawha County, West Virginia, on FEB 25 2010 and the same is admitted to record.

Teste: Tera J. McCormick Clerk

Kanawha County Commission

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

February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

The City of Charleston, West Virginia
P.O. Box 2749
Charleston, West Virginia 25330

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Charleston Building Commission (the "Issuer") of its $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified), dated the date hereof (the "Series A Bonds"), and its $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable), dated the date hereof (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to Chapter 8, Article 33, Chapter 8, Article 16, and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Bonds are being issued for the purpose of currently refunding and redeeming certain outstanding Charleston Building Commission Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project), Series 1999, of the Issuer (the "Bonds To Be Refunded"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Indenture when used herein.

The Issuer and Clay Center for the Arts and Sciences of West Virginia, Inc., a West Virginia nonprofit corporation (the "Corporation"), have entered into an Agreement and Lease dated as of February 1, 2010 (the "Lease"), pursuant to which the Issuer has agreed to lease the Equipment to the Corporation. The Corporation, in turn, has entered a First Amendment to Equipment Lease dated as of February 1, 2010, amending its existing Equipment Lease dated as of June 1, 1999 (together, the "Sublease"), with The City of Charleston, West Virginia, a municipal corporation and political subdivision of the State of West Virginia (the "City"), pursuant to which the Corporation has agreed to sublease the Equipment to the City. Under the Sublease, the City has agreed to make rental payments in amounts and at times sufficient to pay, among other things, the principal of and interest on the Bonds when due; provided, that the Sublease and, in turn, the Lease are terminable as described therein. Pursuant to the Indenture, the Issuer has assigned to the Trustee its right, title and interest in the Lease and the rentals thereunder (except for certain retained rights), including its assigned right, title and interest in the Sublease and the rentals thereunder, as security for the Bonds. The Bonds are further secured under the Indenture by a lien on the Equipment.

Reference is made to an opinion of even date of counsel to the City, with respect to, among other matters, the City's power to enter into and perform the Sublease, the authorization, execution and delivery of the Sublease by the City and the binding effect and enforceability of the Sublease on and against the City. Reference is also made to an opinion of even date of counsel to the Issuer, with respect to, among other matters, the creation and valid existence of the Issuer, the enactment of the Ordinance and the execution and delivery of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer, the Corporation and the City in the Lease, the Sublease and the Indenture, the Tax Certificate (hereinafter defined) and the certified proceedings and other certifications furnished to us by or on behalf of the Issuer, the Corporation and the City, without undertaking to verify the same by independent investigation.

We have not examined title or any other records relating to liens, charges, encumbrances or security interests on or in the rights and property on and in which the Lease, the Sublease and the Indenture purport to grant liens or security interests. No opinion is expressed herein as to ownership or title matters, including, without limitation, the recording of the Lease, the Sublease or the Indenture or the filing under the Uniform Commercial Code, or as to the priority of any lien, charge, encumbrance or security interest. Further, no opinion is expressed herein as to the Bonds To Be Refunded.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public corporation and municipal building commission under the laws of the State of West Virginia with corporate power to enter into and perform the Lease and the Indenture and to issue the Bonds.

2. The Lease and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer, except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting the rights and remedies of creditors, general principles of equity, public policy and the exercise of judicial discretion.

3. The Indenture creates an assignment of the Issuer's right, title and interest in the Lease, including its assigned right, title and interest in the Sublease, and a security interest in and lien of the Issuer's interest in the Equipment and to the rents and other payments made under the Lease (except certain rights to payment of expenses, which are retained by the Issuer).

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special and limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series A Bonds will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals or corporations.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds in order that, for federal income tax purposes, interest on the Series A Bonds is not includable in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Series A Bond proceeds, restrictions on the investment of Series A Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series A Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

On the date hereof, the Issuer, the Corporation and the City are executing a Tax and Non-Arbitrage Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Issuer, the Corporation and the City covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Series A Bonds will not, for the purposes of federal income taxation, be includable in gross income.

The opinions set forth in the preceding paragraphs are subject to the condition that the Issuer, the Corporation and the City comply, on a continuing basis, with all representations, covenants and certifications set forth in the Indenture, the Lease, the Sublease, the Tax Certificate and other documents related thereto, and we have not undertaken to determine or to inform any person whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the excludability from gross income for federal income tax purposes of interest on, the Series A Bonds.

6. The Series A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. The provisions of this Paragraph 6 are subject to the continuing requirements relating to tax-exemption described in Paragraph 5 above.

7. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series B Bonds is includable in the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code.

8. The Bonds and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Lease, the Sublease and the Indenture and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, that their enforcement may also be subject to the general principles of equity and exercise of judicial discretion in the appropriate cases and that certain remedies under the Lease, the Sublease and the Indenture may be limited by public policy or such judicial discretion.

We have examined the executed and authenticated Bond No. AR-1 of the Series A Bonds and Bond No. BR-1 of the Series B Bonds, and, in our opinion, said Bonds are in proper form and have been duly executed and authenticated.

This opinion speaks only as of the date hereof. We have not assumed any duty to, and will not, update this opinion due to changes in facts or law.

Yours very truly,

Jackson Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC
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February 25, 2010

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

The Bank of New York Mellon
385 Rifle Camp Road, 3rd Floor
West Paterson, New Jersey 07424

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Series 2010A Bonds") and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Bonds")

Ladies and Gentlemen:

We have delivered our bond counsel opinion of even date herewith, a copy of which is attached. You may rely upon this opinion as if specifically addressed to you in so far as it relates to the due authorization, execution and delivery of the Bonds, to the validity of the Bonds, to the excludability from gross income for federal income tax purposes of the interest on the Series 2010A Bonds and to the exemption of the Bonds and the interest thereon from taxation by the State of West Virginia.

Very truly yours,

Jackson Kelly PLLC

Jackson Kelly PLLC

{M0626211.2}

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February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified), and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Charleston Building Commission (the "Issuer") of its $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Series 2010A Bonds"), and its $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Bonds"), dated the date hereof, pursuant to a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). We are herewith rendering our final approving opinion of even date in connection with, among other things, the excludability from gross income for federal income tax purposes of interest on the Series 2010A Bonds (the "Bond Counsel Opinion").

The initial offering price of the 2010A Bonds maturing on June 1, 2022, and June 1, 2024 (collectively, the "Discount Bonds"), is less than the amount payable on the Discount Bonds at maturity. The excess of the stated redemption price at maturity of each such Discount Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of each maturity was sold constitutes original issue discount ("OID"). In our opinion, under existing law, the OID in the selling price of each of the

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Discount Bonds, to the extent properly allocable to each owner of such Discount Bond, is excludable from gross income for federal income tax purposes with respect to such owner.

The above opinion is subject to all the assumptions, qualifications and limitations set forth in the Bond Counsel Opinion, as if they were set forth in full in this opinion. Without limiting the generality of the foregoing, we express no opinion with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of any Discount Bond or with respect to the state and local tax consequences of owning such Discount Bond.

Very truly yours,

Jackson Kelly PLLC

Jackson Kelly PLLC

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February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified), and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Charleston Building Commission (the "Issuer") of its $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) (the "Series 2010A Bonds"), and its $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable) (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Bonds"), dated the date hereof, pursuant to Chapter 8, Article 33, Chapter 8, Article 16, and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). We are herewith rendering our final approving opinion of even date in connection with the authorization, issuance and delivery of the Bonds to Crews & Associates, Inc., as the Underwriter named in the Bond Purchase Agreement dated February 18, 2010 (the "Bond Purchase Agreement"), relating to the Bonds.

In rendering this opinion, we reviewed records of the acts taken by the Issuer in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Issuer relating to the authorization, execution and delivery of the Bond Purchase Agreement,

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and we were present at various meetings for the preparation of various parts of the Official Statement relating to the Bonds, dated and executed by the Chairman of the Issuer on February 18, 2010 (the "Official Statement").

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement of the Issuer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from time to time in effect affecting the enforceability of creditors' rights generally, to general principles of equity, to public policy and to the exercise of judicial discretion;

2. The statements contained in the Official Statement under the headings "INTRODUCTION", "PLAN OF FINANCING ", "THE BONDS", "SECURITY FOR THE BONDS", "TAX MATTERS", and in Appendix D thereto, except for financial or statistical data therein as to which no opinion is hereby expressed, insofar as such statements purport to summarize certain provisions of the Bonds or the Indenture are true, correct and complete in all material respects and present a fair summary of the matters intended to be summarized therein; and

3. No registration of the Bonds under the Securities Act of 1933, as amended, or qualification of the Indenture and the Ordinance under the Trust Indenture Act of 1939, as amended, is required in connection with the offer and sale of the Bonds.

This letter is furnished to you solely for your information, and for assistance to you in conducting and documenting your investigation in connection with the issuance of the Bonds. It is furnished solely for your benefit and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

We are licensed to practice law in the State of West Virginia, and this opinion speaks only to the laws of West Virginia and federal law.

Yours very truly,

Josh Kelly PLLC

{M0626171.1}

STEVEN F. WHITE, PLLC

February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, WV 25301

The City of Charleston, West Virginia
P.O. Box 2749
Charleston, WV 25330

The Bank of New York Mellon
385 Rifle Camp Road
3rd Floor
West Paterson, New Jersey 07424

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

We have acted as counsel for the Charleston Building Commission (the "Issuer") in connection with the above-referenced bonds (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Indenture (defined below) when used herein.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Bonds, and such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, including: (i) the Ordinance duly passed by the Issuer, effective as supplemented after public hearing on February 16, 2010, including such supplemental resolution and the Certificate of Determination executed in connection therewith (the "Ordinance"); (ii) the Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"); (iii) the Agreement and Lease dated as of February 1, 2010 (the "Lease") between the Issuer and Clay Center for the Arts and Sciences of West Virginia, Inc. (the "Corporation"), pursuant to which the Issuer has agreed to lease the Equipment to the Corporation; (iv) the Tax and Non-Arbitrage Certificate of the Issuer dated February 25, 2010 (the "Tax Certificate"); (v) the approving opinion of

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Jackson Kelly PLLC, as bond counsel; (vi) the Preliminary Official Statement dated February 16, 2010, and the Official Statement dated February 18, 2010; and (vii) the Bond Purchase Agreement dated February 18, 2010 (the "Purchase Agreement"), between the Issuer and Crews & Associates, Inc. (the "Underwriter"). We are also familiar with the organizational documents and the bylaws of the Issuer.

Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Issuer is duly created and validly existing municipal building commission under the Constitution and laws of the State of West Virginia (the "State") and as a public corporation of the State. The Issuer is authorized by the laws of the State to issue, sell and deliver the Bonds for, among other purposes, the purposes expressed in the Ordinance, and to enter into and perform its obligations under all agreements relating thereto to which the Issuer is a party (together with the Indenture, the Lease, the Bonds, the Tax Certificate, and the Purchase Agreement, hereinafter referred to as the "Bond Documents").

2. The members and officers of the Issuer have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

3. The Issuer has duly approved all action necessary to be taken by it or on its behalf for (i) the issuance and delivery of the Bonds upon the terms set forth in the Indenture; (ii) the execution and delivery of the Bond Documents; and (iii) the carrying out, giving effect to and consummation of the transaction contemplated thereby.

4. The Bond Documents have been duly and validly authorized, executed and delivered by the Issuer and the same are in full force and effect as of the date hereof and are the valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Ordinance was duly enacted and put into effect at three meetings of the Issuer which were duly called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of enactment of the Ordinance.

6. The execution and delivery of the Bonds, the consummation of the transactions contemplated by the Bonds and the Bond Documents and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

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7. To the best of our knowledge, there are no actions, proceedings, inquiries or investigations at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Documents, the validity of the Bonds, or the collection or pledge of the rentals and revenues therefor.

8. The use of the Preliminary Official Statement and the execution, delivery and use of the Official Statement were duly authorized by the Issuer, and the Official Statement was duly executed and delivered by the Issuer.

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

Very truly yours,

Steven F. White PLLC

{M06262063}

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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Writer's Contact Information

February 25, 2010

$2,225,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010A (TAX-EXEMPT – BANK QUALIFIED)

$55,000
CHARLESTON BUILDING COMMISSION (WEST VIRGINIA)
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT)
SERIES 2010B (TAXABLE)

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter"), in connection with the issuance and sale by Charleston Building Commission (West Virginia) (the "Issuer"), of its Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) (the "Series 2010A Bonds") and Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia Project) Series 2010B (Taxable) (the "Series 2010B Bonds" and together with the Series 2010A Bonds, the "Bonds") which are being delivered and sold pursuant to a Bond Purchase Agreement dated February 18, 2010 (the "Bond Purchase Agreement"), by and between the Underwriter and the Issuer, as approved by the City. In connection with rendering this opinion, we have examined the Official Statement, the Bond Purchase Agreement and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Purchase Agreement.

Based upon the foregoing, it is our opinion that (i) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and are municipal securities under the Securities Exchange Act of 1934, as amended, (ii) the Indenture and the Ordinance are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, in connection with the offering and sale the Bonds, and (iii) the Continuing Disclosure Agreement containing the undertaking of the City to provide certain information in accordance with Rule 15c2-12 of the

Securities Exchange Act of 1934, as amended, complies with the requirements of Section b(5) of such Rule.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the City, the Issuer, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe (excluding therefrom all information in Appendix B, all financial and statistical data and projections included in the Official Statement, including the entirety of Appendix A and all information concerning the Deposit Trust Company and the book-entry only system for the Bonds, on which we express no opinion) that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The Bond Purchase Agreement has been validly authorized, executed and delivered by the Underwriter and, assuming due authorization, execution and delivery by the Issuer, and due approval by the City, constitutes a valid and binding agreement, enforceable in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium and other such laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

STEPTOE & JOHNSON PLLC

OFFICE OF THE CITY ATTORNEY

City of Charleston | P.O. Box 2749, Charleston WV 25330 | 304-348-8031
Writer's Fax: 304-348-0770 | Writer's email: paul.ellis@cityofcharleston.org

Paul D. Ellis
City Attorney of Charleston

February 24, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, WV 25301

The City of Charleston, West Virginia
P.O. Box 2749
Charleston, WV 25330

The Bank of New York Mellon
385 Rifle Camp Road
3rd Floor
West Paterson, New Jersey 07424

Re: $2,225,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt - Bank Qualified) and $55,000 Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010B (Taxable)

Ladies and Gentlemen:

I am the general counsel for The City of Charleston, West Virginia (the "City"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Trust Indenture dated as of February 1, 2010 (the "Indenture"), between the Charleston Building Commission (the "Issuer") and The Bank of New York Mellon, as trustee (the "Trustee"), when used herein.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the above-referenced bonds (the "Bonds"), and such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, including: (i) the Ordinance duly passed by the City, effective on January 4, 2010 (the "City Ordinance"); (ii) the Equipment Lease dated as of June 1, 1999, as amended by the First Amendment to Equipment Lease dated as of February 1, 2010 (together, the "Sublease") between Clay Center for the Arts and Sciences of West

Virginia, Inc. (the "Corporation") and the City pursuant to which the Corporation has agreed to sublease the Equipment, which the Corporation leases from the Issuer, to the City; (iii) the Tax and Non-Arbitrage Certificate of the City dated February 25, 2010 (the "Tax Certificate"); (iv) the approving opinion of Jackson Kelly PLLC, as bond counsel; (v) the Preliminary Official Statement dated February 16, 2010, and the Official Statement dated February 18, 2010; and (vi) the Bond Purchase Agreement dated February 18, 2010 (the "Purchase Agreement"), between the Issuer and Crews & Associates, Inc. (the "Underwriter"). I am also familiar with the organizational documents of the City.

Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The City is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, and has all requisite power, qualifications and authority to enter into and perform its obligations under all agreements relating to the Bonds to which the City is a party (including the Sublease, the Tax Certificate and the Purchase Agreement, hereinafter referred to as the "Bond Documents").

2. The Mayor, City Clerk and members of the City Council of the City have been duly and properly appointed and elected, have taken the requisite oaths and are thereby authorized to act on behalf of the City in their respective capacities.

3. The City has duly approved all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Bond Documents to which the City is a party; and (ii) the carrying out, giving effect to and consummation of the transaction contemplated thereby.

4. The Bond Documents to which the city is a party have been duly and validly authorized, executed and delivered by the City and the same are in full force and effect as of the date hereof and are the valid and legally binding obligations of the City, enforceable against the City in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors= rights generally.

5. The City Ordinance was duly enacted and put into effect at two meetings of the City which were duly called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of enactment of the City Ordinance.

6. To the best of my knowledge, the execution and delivery of the Bond Documents, the consummation of the transactions contemplated by the Bond Documents and the City Ordinance and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the City, a breach of or default under any ordinance, resolution, agreement or other instrument to which the City is a party or any existing law, regulation, court order or consent decree to which the City is subject.

7. To the best of my knowledge, there are no actions, proceedings, inquiries or investigations at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the City Ordinance, the Sublease, or the collection or pledge of the rentals and revenues therefor.

8. Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the sole basis of information provided by Bond Counsel and my examination of the Bond Documents, nothing has come to my attention that would lead me to believe (excluding therefrom all financial and statistical data and projections included in the Official Statement, including the entirety of Appendix A, on which I express no opinion) that the information regarding the City in the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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

Sincerely,

Paul D. Ellis
City Attorney of Charleston

Charleston Building Commission Lease-Revenue Refunding Bonds
(Center for Arts and Sciences of West Virginia Project),
$2,225,000 Series 2010A (Tax-Exempt - Bank Qualified) and
$55,000 Series 2010B (Taxable)

CROSS RECEIPT FOR BONDS AND BOND PROCEEDS

February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, West Virginia 25301

The undersigned, on behalf of Crews & Associates, Inc., hereby acknowledges receipt through The Depository Trust Company of the entire issues of Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) and Series 2010B (Taxable), both as further described on Exhibit A attached hereto and incorporated herein by reference (the "Bonds").

CREWS & ASSOCIATES, INC.

By_____
Its Authorized Officer

The undersigned, on behalf of the Charleston Building Commission, hereby acknowledges receipt through and confirmed by The Bank of New York Mellon, as Trustee, of the sum of $2,211,505.30, constituting the aggregate principal amount of the Bonds, less an original issue discount on the Series 2010A Bonds of $11,494.70 and underwriting discounts of $57,000.

CHARLESTON BUILDING COMMISSION

By R. Boardy Tracy
Its Chairman

EXHIBIT A

Maturities

$2,225,000 Series 2010A Bonds

Maturity Date (June1)	Principal Amount	Interest Rate
2013	$380,000	3.100%
2017	590,000	3.625
2019	330,000	4.000
2022	530,000	4.125
2024	395,000	4.375

$55,000 Series 2010B Bonds

Maturity Date (June1)	Principal Amount	Interest Rate
2011	$55,000	4.250%

Mandatory Sinking Fund Redemption

The 2010A Bonds maturing on June 1, 2013, June 1, 2017, June 1, 2019, June 1, 2022, and June 1, 2024, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010A Bond so called for redemption plus interest accrued to the date fixed for redemption:

2010A Bonds maturing June 1, 2013

Date (June 1)	Principal Amount
2011	$120,000
2012	$130,000
2013 (Maturity)	$130,000

2010A Bonds maturing June 1, 2017

Date (June 1)	Principal Amount
2014	$140,000
2015	$145,000
2016	$150,000
2017 (Maturity)	$155,000

2010A Bonds maturing June 1, 2019

Date (June 1)	Principal Amount
2018	$160,000
2019 (Maturity)	$170,000

2010A Bonds maturing June 1, 2022

Date (June 1)	Principal Amount
2020	$170,000
2021	$175,000
2022 (Maturity)	$185,000

2010A Bonds maturing June 1, 2024

Date (June 1)	Principal Amount
2023	$195,000
2024 (Maturity)	$200,000

The 2010B Bonds are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each 2010B Bond so called for redemption plus interest accrued to the date fixed for redemption:

Date (June 1)	Principal Amount
2010	$45,000
2011 (Maturity)	$10,000

Optional Redemption

The Series 2010A Bonds are subject to optional redemption prior to their stated maturity on or after June 1, 2015, at the option of the Issuer at the direction of the City, at par plus accrued interest thereon to the date set for redemption.

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

Charleston Building Commission
(Name of Issuer and Co-Issuer(s), if applicable)

12/2/09
(Date)

Attention: Underwriting Department
The Depository Trust Company
55 Water Street, 1SL
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: (Note: Issuer shall represent one and cross out the other.)

~~[incorporated in]~~ [formed under the laws of] West Virginia

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:
Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Charleston Building Commission
(Issuer)

By: Sandra Thomas
(Authorized Officer's Signature)

Sandra Thomas
(Print Name)

815 Quarrier Street, Suite 244
(Street Address)

Charleston	WV	USA	25301
(City)	(State)	(Country)	(Zip Code)

(304) 348-6890
(Phone Number)

phb3cuta@wvdsl.net
(E-mail Address)

Received and Accepted
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

BLOR 03/25/08

SCHEDULE A
(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SCHEDULE A
(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2E OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

February 24, 2010

Natalie E. Tennant

Secretary of State

ARTICLE 2E

REVENUE BOND REFUNDING ACT

Section

13-2E-1. How article cited.
13-2E-2. Definitions.
13-2E-3. Authority to refund.
13-2E-4. Terms, form and execution of refunding bonds.
13-2E-5. Issuance of refunding bonds; application of proceeds.
13-2E-6. Determination of governing body to be conclusive.
13-2E-7. Authorization for issuance.
13-2E-8. Authority for escrow agreement.
13-2E-9. Call of revenue bonds for redemption.
13-2E-10. Security provisions.
13-2E-11. Bonds payable solely from revenues of enterprise.
13-2E-12. Tax exemption; exceptions.
13-2E-13. Validity of bonds.
13-2E-14. Article complete authority for refunding bonds; effect on other laws; liberal construction.
13-2E-15. Severability.

§ 13-2E-1. How article cited

This article may be cited as "Revenue Bond Refunding Act."

Acts 1969, c. 12.

§ 13-2E-2. Definitions

The following terms or words, wherever used or referred to in this article, shall have the following meaning, unless a different meaning plainly appears from the context:

The term "public body" means any city, town, village, county, public service district, sanitary district, political subdivision or any other similar public entity now or hereafter created, and the state of West Virginia acting through any of its agencies, boards, commissions or departments, having power to issue revenue bonds.

The term "governing body" means a board, council or other body having power to borrow money on behalf of a public body.

The term "law" means any act or statutes, general, special or local, of this state, including, without being limited to, the charter of any public body.

The term "enterprise" means any work, undertaking, or project which the public body is or may hereafter be authorized to acquire or construct and from which the public body has heretofore derived or may hereafter derive revenues, for the refinancing of which enterprise refunding bonds are issued under this article, and such enterprise shall include all improvements, betterments, extensions and replacements thereto, and all appurtenances, facilities, lands, rights in land, water rights, franchises, and structures in connection therewith or incidental thereto; and for the purposes of this article "enterprise" includes the

waterworks system or the sewerage system, or both said systems, resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code, all as the governing body shall authorize in the ordinance authorizing said severance.

The term "revenues" means all fees, tolls, rates, rentals and charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the public body from the operation of any enterprise or arising from any enterprise, and including earnings derived from investments and bank deposits.

The term "revenue bonds" means notes, bonds, certificates or other obligations of a public body heretofore or hereafter issued and outstanding under any law and which by their terms are payable from the revenues derived by such public body from the operation of an enterprise.

The term "refunding bonds" means notes, bonds, certificates or other obligations of a public body issued pursuant to this article.

The term "holder of bonds" or "bondholder" or any similar term means any person who shall be the bearer of any outstanding refunding bond or refunding bonds registered to bearer or not registered, or the registered owner of any such outstanding refunding bond or refunding bonds which shall at the time be registered other than to bearer.

The words "net interest cost" when referring to an outstanding issue of revenue bonds to be refunded, means the total amount of interest which would accrue on such revenue bonds from the date of the refunding bonds to the respective maturity dates of the outstanding revenue bonds to be refunded, without regard to any retained options of redemption.

The words "net interest cost" when referring to a proposed issue of refunding bonds, means the total amount of interest to accrue on the refunding bonds from their date to their respective maturities, without regard to any retained options of redemption, plus the amount of any discount below par or less the amount of any premium above par at which the bonds may be sold.

The words "net effective interest rate" when referring to a proposed issue of refunding bonds, means the net interest cost of said refunding bonds divided by the product obtained by multiplying the aggregate principal amount of such refunding bonds maturing on each maturity date by the number of years from the date of the refunding bonds to their respective maturities, without regard to any retained options of redemption.

The term "certified public accountant" means an independent certified public accountant or firm of certified public accountants licensed to practice in this state.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Acts 1969, c. 12; Acts 1986, c. 118.

§ 13–2E–3. Authority to refund

Any public body may issue refunding bonds for the purpose of refunding all or any part of its revenue bonds now or hereafter outstanding, whether or not such revenue bonds are at the time of the refunding due or optional for redemption, under the circumstances and restrictions set forth in this article. Refunding bonds shall be payable from revenues derived from the same enterprise as the revenue bonds to be refunded except where the public body has outstanding revenue bonds payable from the revenues of an enterprise and is authorized under any other law to combine and consolidate such enterprise with another enterprise and issue revenue bonds payable from the revenues of the combined and consolidated enterprises. An issue of refunding bonds may refund part or all of one or more issues of outstanding revenue bonds: Provided, That part or all of two or more issues of outstanding revenue bonds may not be refunded under this article unless either (a) all of the issues of outstanding revenue bonds to be refunded are payable from revenues derived from the same enterprise, or (b) the public body is authorized under any other law to combine or consolidate the enterprises in question and issue revenue bonds payable from the revenues of the combined or consolidated enterprises.

Refunding bonds may be issued hereunder whenever the governing body of the public body deems it expedient and, notwithstanding any provision in this article to the contrary, may be issued as part of a series of revenue bonds issued for the purpose, in addition to such refunding, of financing the acquisition or construction of improvements, betterments, extensions or replacements to the particular enterprise, as provided by other articles of this Code.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers

Counties ⚷175.
Municipal Corporations ⚷913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13–2E–4. Terms, form and execution of refunding bonds

Refunding bonds authorized under this article may be issued in one or more series; may bear such date or dates; may mature at such time or times, not exceeding the period of usefulness of the enterprise, as determined by the governing body in its discretion, not exceeding forty years from their respective dates; may bear interest at such rate or rates; may be in such denomination or denominations; may be in such form either coupon or registered; may carry such registration and conversion privileges; may be executed in such manner; may be payable in such medium of payment, at such place or places; may be subject to such terms of redemption, with or without a premium; may be declared or become due before the maturity date; may provide for the replacement of mutilated, destroyed, stolen or lost bonds; may be authenticated in such manner and upon compliance with such conditions; and may contain such other terms and covenants, as may be determined by the governing body

in the proceedings authorizing the refunding bonds. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all refunding bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

Acts 1969, c. 12; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Counties ⇐175.
Municipal Corporations ⇐913.
Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13-2E-5. Issuance of refunding bonds; application of proceeds

Refunding bonds issued under this article may be exchanged for not less than a like principal amount of the revenue bonds to be refunded, or may be sold at public or private sale, or may be exchanged in part and sold in part, in such manner and upon such terms as may be determined by the governing body to be for the best interests of the public body: Provided, That such refunding bonds shall not be sold or exchanged at a price lower than a price which will show a net saving to the issuer after deducting all expenses of the refunding: Provided, however, That if the governing body determines that one of the purposes of issuing such refunding bonds is to effect the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the bonds which are to be refunded, then such refunding bonds may be issued without the necessity of showing a net saving to the issuer, in which event such refunding bonds shall bear interest at such rate or rates as the governing body may determine, but such rate or rates shall not exceed the maximum stated rate of interest which the revenue bonds to be refunded thereby could bear if they were being issued as of the date of issuance of such refunding bonds, and such refunding bonds may not be sold or exchanged at a price which would result in a net interest cost in excess of the maximum net interest cost which the revenue bonds to be refunded could be sold or exchanged for if they were being issued as of the date of issuance of such refunding bonds.

If any such refunding bonds are to be sold, they may be issued in such principal amount as may be determined advisable by the governing body including, without limitation, the aggregate principal amount of the revenue bonds to be refunded, interest accrued and to accrue to the date or dates on which the revenue bonds being refunded are scheduled to mature or to be redeemed prior to maturity, any redemption premiums which must be paid in order to refund such outstanding revenue bonds and any costs and expenses of issuing the refunding bonds and providing for retirement of revenue bonds to be refunded. If sold, the net proceeds shall either be immediately applied to the payment or redemption and retirement of the revenue bonds to be refunded, or the net proceeds of the refunding bonds may be invested at the discretion and under the supervision of the escrow agent in whole, or in part, (a) in direct

obligations issued by the United States of America or one of its agencies, (b) in obligations unconditionally guaranteed by the United States of America as to principal and interest, or (c) in certificates of deposit of a banking corporation or association which is a member of the federal deposit insurance corporation, or successor; but any such certificates of deposit must be fully secured as to both principal and interest by pledged collateral consisting of direct obligations of or obligations guaranteed by the United States of America having a market value, excluding accrued interest, at all times at least equal to the amount of the principal of an accrued interest on such certificates of deposit. Any such investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money placed in the hereinafter mentioned escrow, will be sufficient to pay when due or called for redemption the revenue bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bond proceeds or obligations so purchased therewith shall, and with other funds legally available to the public body for such purpose may, be deposited in escrow with the West Virginia municipal bond commission or a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia, to be selected by the issuer to be held in trust for the payment and redemption of the revenue bonds refunded, and such money and obligations and any reinvestment thereof shall be held in trust by such escrow agent for the payment of interest on the refunded bonds when due, and principal thereof and applicable redemption premiums, if any, when due, or upon the date or dates for which they shall have been called for redemption, or upon an earlier voluntary surrender at the option of the escrow agent; provided if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded revenue bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed by the public body as are other revenues of the enterprise. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding revenue bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds. The term "net proceeds" as used above shall mean the gross proceeds of the refunding bonds after the deduction therefrom of all accrued interest, costs and expenses incurred in connection with the authorization and issuance of the refunding bonds and the retirement of the outstanding revenue bonds, and including all costs and expenses resulting from price variations to par or otherwise incurred in the purchase of obligations for escrow and in the disposition of the refunding bonds.

Acts 1969, c. 12; Acts 1973, c. 115; Acts 1986, c. 118.

Library References

Key Numbers
Counties ⚷183.
Municipal Corporations ⚷928.

Westlaw Key Number Searches: 104k183; 268k928.

C.J.S. Municipal Corporations § 1699.

Encyclopedias

C.J.S. Counties § 222.

§ 13-2E-6. Determination of governing body to be conclusive

The determination by the governing body of any public body issuing refunding bonds under this article that the limitations herein imposed upon the issuance of refunding bonds have been met, shall be conclusive: Provided, however, That such public body shall have obtained from an independent certified public accountant a certification that the amount of saving stated to be achieved by the refunding shall in fact be served, based upon his review, comparison and analysis of the net interest cost in dollars of the refunding bonds and the net interest cost in dollars of the bonds to be refunded.

Acts 1969, c. 12.

§ 13-2E-7. Authorization for issuance

Refunding bonds and all acts required to be authorized hereunder shall be authorized in the manner in which the bonds to be refunded were authorized and issued: Provided, That refunding bonds of a system resulting from the severance of a combined municipal waterworks and sewerage system shall to the extent applicable be authorized and issued under the terms and provisions of law, including, but not limited to, interest rates and net interest costs, under which revenue bonds of such resulting system would be authorized and issued.

Acts 1969, c. 12; Acts 1986, c. 118.

Library References

Key Numbers

Counties ⚷175.

Municipal Corporations ⚷913.

Westlaw Key Number Searches: 104k175; 268k913.

Encyclopedias

C.J.S. Counties § 218.

C.J.S. Municipal Corporations §§ 1651, 1653.

§ 13-2E-8. Authority for escrow agreement

The governing body of any public body shall have power to enter into such escrow agreements and to insert therein such protective and other covenants and provisions as it may consider necessary to permit the carrying out of the provisions of this article and to insure the prompt payment of principal of and interest and redemption premiums on the revenue bonds refunded.

Acts 1969, c. 12.

§ 13-2E-9. Call of revenue bonds for redemption

Where any revenue bonds to be refunded are not to be surrendered for exchange or payment and are not to be paid at maturity with escrowed obligations, but are to be paid from such source prior to maturity pursuant to call for redemption exercised under a right of redemption reserved in such revenue bonds, the governing body of the public body shall, prior to the

issuance of the refunding bonds, determine which redemption date or dates shall be used, call such revenue bonds for redemption and provide for the giving of the notice of redemption required by the proceedings authorizing such revenue bonds. Where such notice is to be given at a time subsequent to the issuance of the refunding bonds, the necessary notices may be deposited with the state sinking fund commission or the bank acting as escrow agent of the refunding bond proceeds and the escrow agent appropriately instructed and authorized to give the required notices at the prescribed time or times. If any officer of the public body signing any such notice shall no longer be in office at the time of the utilization of the notice, the notice shall nevertheless be valid and effective for its intended purpose.

Acts 1969, c. 12.

Library References

Key Numbers

Counties ⚷187.
Municipal Corporations ⚷951.
Westlaw Key Number Searches: 104k187; 268k951.

Encyclopedias

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 13–2E–10. Security provisions

Refunding bonds shall be special obligations of the public body and shall be payable solely from and secured by a lien upon the gross revenues or net revenues of the enterprise, as shall be more fully described in the ordinance or resolution authorizing the issuance of refunding bonds, and the ordinance or resolution authorizing such refunding bonds shall provide for a special fund into which there shall be pledged a fixed amount or a fixed proportion of such revenues which shall be sufficient to pay the principal of and interest on the refunding bonds as the same become due.

In order to assure payment of the principal and interest on any refunding bonds it shall be the duty of the governing body of the public body to establish, levy, maintain and collect such fees, tolls, rentals, rates and other charges for the services of such enterprise as shall be necessary to produce revenues sufficient, after making due and reasonable allowance for contingencies and for a margin of error in estimates, to pay at all times principal of and interest on the refunding bonds as the same become due, to pay current expenses of operation and maintenance, to provide for depreciation, to provide for reserves for any of the foregoing, to comply in all respects with any contract or agreement with bondholders set forth in the ordinance or resolution authorizing such refunding bonds, and to meet any other obligations of the public body which by their terms are charges, liens, or encumbrances upon the revenues of such enterprise.

The ordinance or resolution authorizing any refunding bonds may contain such covenants with the holders of the refunding bonds as to the efficient management and operation of the enterprise; the collection, keeping and disposition of the revenues of the enterprise; the issuance of additional refunding bonds or revenue bonds; the carrying of insurance on such enterprise and

the disposition of insurance proceeds; the keeping of books and records and the auditing thereof; the inspection by bondholders at reasonable times of the enterprise and the records, accounts and data of the public body relating thereto; limitations upon the sale or other disposition of integral parts of the enterprise; the discontinuance of the services and facilities of the enterprise upon failure to pay for such services and facilities; the appointment and duties of a trustee; the rights, liabilities, powers and duties arising upon the breach by the public body of any covenants, conditions or obligations contained in the ordinance or resolution authorizing the issuance of such refunding bonds; remedies of bondholders upon default in the payment of the principal of or interest on any refunding bonds, including the appointment by a court of competent jurisdiction of a receiver for the operation and management of the enterprise and the collection and disbursement of the revenues thereof, but such receiver or any court having jurisdiction in the matter shall not be permitted to sell, mortgage or otherwise dispose of any assets of the enterprise and useful in its operation or cause any of such assets to be sold, mortgaged or otherwise disposed of; and any other conditions, acts or pertinent matters as may be deemed necessary or proper by the governing body of the public body to assure efficient operation of the enterprise, payment of the refunding bonds and marketability of the refunding bonds upon favorable terms. Any agreement or covenant contained in the ordinance or resolution authorizing such refunding bonds shall constitute a contract with the holders of such refunding bonds.

All refunding bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date or time of sale, execution or delivery, by a lien upon the revenues of the enterprise in accordance with the provisions of this section and the ordinance or resolution authorizing the issuance of such refunding bonds.

Nothing in this section or in any other section of this article shall be deemed in any way to alter the terms of any agreements made with the holders of any outstanding revenue bonds of the public body, or to authorize the public body to alter the terms of any such agreements, or to impair, or authorize the public body to impair, the rights and remedies of any creditors of the public body.

Nothing in this section or in any other section of this article shall be deemed in any way to authorize any public body to do anything in any manner or for any purpose which would result in the creation or incurring of a debt or indebtedness or the issuance of any instrument which would constitute a bond or debt within the meaning of any provision, limitation, or restriction of the Constitution relating to the creation or incurring of a debt or indebtedness or the issuance of an instrument constituting a bond or a debt.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⇐181.
Municipal Corporations ⇐919.

Westlaw Key Number Searches: 104k181; 268k919.

Encyclopedias
C.J.S. Counties § 221.
C.J.S. Municipal Corporations § 1661.

§ 13-2E-11. Bonds payable solely from revenues of enterprise

No recourse shall be had for the payment of the refunding bonds, or interest thereon, or any part thereof, against the general fund of any public body, nor shall the credit or taxing power of any public body be deemed to be pledged thereto.

The refunding bonds, and interest thereon, shall not be a debt of the public body, nor a charge, lien or encumbrance, legal or equitable, upon any property of the public body, nor upon any income, receipts, or revenues of the public body other than such of the revenues of the enterprise as shall have been pledged to the payment thereof, and every refunding bond shall recite in substance that said bond, including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the public body is under no obligation to pay the same, except from said revenues.

Acts 1969, c. 12.

Library References

Key Numbers
Counties ⚷187.
Municipal Corporations ⚷950(15).
Westlaw Key Number Searches: 104k187; 268k950(15).

Encyclopedias
C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 13-2E-12. Tax exemption; exceptions

The refunding bonds and the income therefrom shall be exempt from taxation, except inheritance, estate and transfer taxes.

Acts 1969, c. 12.

Library References

Key Numbers
Taxation ⚷218.
Westlaw Key Number Search: 371k218.

Encyclopedias
C.J.S. Taxation § 260.

§ 13-2E-13. Validity of bonds

Refunding bonds bearing the signatures of officers of the public body in office on the date of the signing thereof shall be valid and binding obligations of the public body for all purposes, notwithstanding that before the delivery thereof any or all the persons whose signatures appear thereon shall have ceased to be officers of the public body, the same as if such persons had continued to be officers of the public body until after the delivery thereof. The ordinance or resolution authorizing any refunding bonds may provide that such refunding bond may contain a recital that such refunding bond is issued pursuant to this article, and any refunding bond containing such recital under authority of any such ordinance or resolution shall be conclusively deemed to be valid and to have been issued in conformity with the provisions of this article.

Where any refunding bonds have been heretofore authorized by any public body which would have been valid under and in compliance with the provisions of this article had this article been in existence at the time of the authorization of such refunding bonds, such refunding bonds if heretofore issued, and if not yet issued then such refunding bonds when they shall have been issued, and the proceedings authorizing their issuance, are hereby validated, ratified and confirmed and declared to be binding and enforceable obligations in accordance with their terms.

Acts 1969, c. 12.

Library References

Key Numbers

Counties ⚷183(2).
Municipal Corporations ⚷931.
Westlaw Key Number Searches: 104k183(2); 268k931.

Encyclopedias

C.J.S. Counties § 222.
C.J.S. Municipal Corporations § 1694.

§ 13-2E-14. Article complete authority for refunding bonds; effect on other laws; liberal construction

This article constitutes full and complete authority for the issuance of refunding bonds. No procedure or proceedings, publications, notices, consents, approvals, orders, acts or things by any governing body of any public body, or any board, officer, commission, department, agency, or instrumentality of the State or any public body shall be required to issue any refunding bonds or to do any act or perform anything under this article, except as may be prescribed in this article. The powers conferred by this article shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect, the powers conferred by any other law. This article is remedial in nature and shall be liberally construed.

Acts 1969, c. 12.

§ 13-2E-15. Severability

If any one or more provisions of this article or the applicability thereof to any persons or circumstances are ever held by a final decision of a court of competent jurisdiction to be invalid, such invalidity shall not affect any other provision or provisions, application or applications of this article, and to this end, the provisions of this article are declared to be severable.

Acts 1969, c. 12.

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 33 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

February 24, 2010

Secretary of State

ARTICLE 33

INTERGOVERNMENTAL RELATIONS—BUILDING COMMISSIONS

Part I—Commissions Authorized; Organization of Commissions.

Section
8–33–1. Municipal, county and municipal-county building commissions authorized; reference to county courts and county commissions.
8–33–2. Commissions are public corporations.
8–33–3. Authority vested in board; composition of board; appointment; qualifications and terms of members; vacancies; reimbursement of expenses.

Part II—Powers of Commissions.

8–33–4. Powers.

Part III—Indebtedness; Surpluses; Exemption From Taxation; Funds; Property.

8–33–5. Indebtedness of commission.
8–33–6. Disposition of surplus of commission.
8–33–7. Property, bonds and obligations of commissions exempt from taxation.
8–33–8. Contributions to commissions; funds and accounts of commissions; reports; audits.
8–33–9. Authority to convey or transfer property to commission.
8–33–10. Sale of property by commission.

Part IV—Workers' Compensation; Construction.

8–33–11. Workers' compensation.
8–33–12. Liberal construction.

PART I—COMMISSIONS AUTHORIZED; ORGANIZATION OF COMMISSIONS

§ 8–33–1. Municipal, county and municipal-county building commissions authorized; reference to county courts and county commissions

Any municipality or county, or one or more municipalities and any county, or any two or more municipalities within any county or counties, or any combination thereof, may create and establish a municipal building commission, a county building commission, or a municipal-county building commission, as the case may be (hereinafter in this article referred to as commission or commissions). Such commissions shall be formed by an ordinance or order, as appropriate, by each governmental body establishing the same. The governing body of a county is hereinafter in this article referred to either as a county court or county commission.

Acts 1968, c. 11; Acts 1969, c. 86; Acts 1975, c. 167.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Cross References

County commissions, authority to lease, sell or dispose of county, see § 7-1-3hh.

Library References

Key Numbers
Municipal Corporations ⚷192.
Westlaw Key Number Search: 268k192.

Notes of Decisions

Contracts involving indebtedness 3
Grounds for mandamus 2
Powers and duties of chairman 1

1. Powers and duties of chairman

Individual who has been appointed chairman pro tem of municipal building commission possesses same duties and responsibilities as regularly and duly elected chairman of that commission would possess. Code, 8-33-4. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 192

2. Grounds for mandamus

Mandamus was proper in city building commission's action to compel commission's chairman pro tem to execute agreement to obtain financial advisory services in commission's venture to enter lease-purchase agreement with state and to issue bonds to finance project; commission had legal right to compel chairman to execute agreement on commission's behalf, chairman had legal duty to execute agreement on commission's behalf, and no other adequate remedy was available. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Mandamus ⚷ 3(1)

3. Contracts involving indebtedness

Rental payments from state to Charleston Building Commission for use of building owned by commission did not violate State Constitution's prohibition against state contracting debt; rental payments were determined by cost to commission to acquire and renovate building, payments were due at intervals contemporaneous with state's use of building, and state would not be obligated to continue to lease building indefinitely. Const. Art. 10, § 4. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. States ⚷ 117

§ 8-33-2. Commissions are public corporations

Each commission, when created, shall be a public corporation and shall have perpetual existence.

Acts 1968, c. 11; Acts 1969, c. 86.

Notes of Decisions

In general 1

1. In general

Agreement between county commission and county building commission whereby building commission would construct a county judicial annex building to be leased to the county commission, and the county commission's dedication of coal severance tax revenues to payment of rentals for the annex, would not violate sections of Constitution limiting contracting of state debts, prohibiting granting of state's credit to or in aid of a county and limiting contracting of county debts. Const. art. 6, § 1; art. 10, §§ 4, 6, 6a, 8; Code, 8-16-1 et seq., 8-33-2, 11-13-21, 11-13-21(b). State ex rel. Kanawha County Bldg. Commission v. Paterno, 1977, 233 S.E.2d 332, 160 W.Va. 195. Counties ⚷ 152

§ 8-33-3. Authority vested in board; composition of board; appointment; qualifications and terms of members; vacancies; reimbursement of expenses

All property, powers and duties and the management and control of each commission shall be vested in a board consisting of representatives appointed by the governmental body or bodies creating and establishing such commission.

In the case of a municipal building commission or a county building commission such board shall consist of not less than three nor more than five members and in the case of a municipal-county building commission each participating municipality shall appoint two members and each participating county shall appoint three members. All members of any board shall be appointed for terms of five years. Prior to making the initial appointments to the board, the governmental body or bodies shall make such initial appointments so that approximately one fifth of the total number of members of the board shall be appointed for a term of one year, approximately one fifth of the total number of members of the board shall be appointed for a term of two years, approximately one fifth of the total number of members of the board shall be appointed for a term of three years, approximately one fifth of the total number of members of the board shall be appointed for a term of four years, and approximately one fifth of the total number of members of the board shall be appointed for a term of five years. As the term of each such initial appointee expires the successor to fill the vacancy created by such expired term shall be appointed for a term of five years.

The ordinance or order creating a building commission may provide for the manner of appointments to the membership of such commission by the governmental body creating such commission, which, in the case of a county, shall be the county commission or other tribunal in lieu thereof and, in the case of a municipality, shall be the governing body thereof.

If any member of any board die, resign or for any reason cease to be a member of the board, the governmental body which such member represented shall appoint another individual to fill the unexpired portion of the term of such member. No more than two thirds of the total number of members of the board of each commission shall be from the same political party and no member of any such board shall hold any office (other than the office of notary public) or employment under the United States of America, the State of West Virginia, any county or political subdivision thereof, or any political party. All members of any board shall be residents of the municipality or county for which appointed. No member of any board shall receive any compensation for his services as such, but each member shall be reimbursed by the commission for any reasonable and necessary expenses actually incurred in the discharge of his duties as a member of the board.

Acts 1968, c. 11; Acts 1969, c. 86; Acts 1976, c. 87.

Library References

Key Numbers

Municipal Corporations ⇐192.

Westlaw Key Number Search: 268k192.

PART II—POWERS OF COMMISSIONS

§ 8–33–4. Powers

Each commission shall have plenary power and authority to:

(a) Sue and be sued;

(b) Contract and be contracted with;

(c) Adopt, use and alter a common seal;

(d) Make and adopt all necessary, appropriate and lawful bylaws and rules and regulations pertaining to its affairs;

(e) Elect such officers, appoint such committees and agents and employ and fix the compensation of such employees and contractors as may be necessary for the conduct of the affairs and operations of the commission;

(f) (1) Acquire, purchase, own and hold any property, real or personal, and (2) acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities, of any type or types for which the governmental body or bodies creating such commission are permitted by law to expend public funds (all hereinafter in this article referred to as facilities);

(g) Apply for, receive and use grants-in-aid, donations and contributions from any source or sources, including, but not limited to, the United States of America, or any department or agency thereof, and accept and use bequests, devises, gifts and donations from any source whatsoever;

(h) Sell, encumber or dispose of any property, real or personal;

(i) Issue negotiable bonds, notes, debentures or other evidences of indebtedness and provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with exercising powers as provided herein;

(j) Raise funds by the issuance and sale of revenue bonds in the manner provided by the applicable provisions of sections seven, ten, twelve and sixteen, article sixteen of this chapter, without regard to the extent provided in section five of this article, to the limitations specified in said section twelve, article sixteen, it being hereby expressly provided that for the purpose of the issuance and sale of revenue bonds, each commission is a "governing body" as that term is used in said article sixteen only;

(k) Subject to such reasonable limitations and conditions as the governmental body or all of the governmental bodies creating and establishing such building commission may prescribe by ordinance or by order, exercise the power of eminent domain in the manner provided in chapter fifty-four of this code for business corporations, for the purposes set forth in subdivision (f) of this section, which purposes are hereby declared public purposes for which private property may be taken or damaged;

(*l*) Lease its property or any part thereof, for public purposes, to such persons and upon such terms as the commission deems proper, but when any

municipality or county commission is a lessee under any such lease, such lease must contain a provision granting to such municipality or county commission the option to terminate such lease during any fiscal year covered thereby; and

(m) Do all things reasonable and necessary to carry out the foregoing powers.

Acts 1968, c. 11; Acts 1969, c. 86; Acts 1975, c. 167; Acts 1976, c. 87; Acts 1984, c. 131.

Library References

Key Numbers

Municipal Corporations ⚷192.

Westlaw Key Number Search: 268k192.

Notes of Decisions

Building commissions, generally 1
Jurisdiction 4
Public buildings and other property 2
Public debt and securities 3

1. Building commissions, generally

Individual who has been appointed chairman pro tem of municipal building commission possesses same duties and responsibilities as regularly and duly elected chairman of that commission would possess. Code, 8–33–4. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 192

Charleston Building Commission has authority to issue bonds or certificates of participation to finance its acquisition and renovation of building that it intends to lease to state. Code, 8–33–4(h–j). State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 906

County building commission acted pursuant to and in compliance with its statutory authority in issuing refunding bonds in attempt to reduce debt service on bonds which had earlier been issued to finance development of nursing home, even though statute does not expressly authorize issuance of refunding bonds. Code, 8–33–4(i). County Com'n of Boone County v. Hill, 1995, 460 S.E.2d 727, 194 W.Va. 481. Counties ⚷ 175

2. Public buildings and other property

City of Charleston, in its distinctive role as capital of West Virginia, may provide property to state to be used as a state capitol or for other public buildings; this special authority extends to Charleston Building Commission and enables it, also, to provide property for state purposes. Code, 8–12–5(36), 8–33–4(f); Charleston, W.Va., Charter § 59. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 225(1)

County building commission acted within its authority in encumbering property on which nursing home was constructed by trust indenture, which held property and its improvements as security for bonds which financed development of home. Code, 8–33–4(i). County Com'n of Boone County v. Hill, 1995, 460 S.E.2d 727, 194 W.Va. 481. Counties ⚷ 110

3. Public debt and securities

Statute which grants county building commissions plenary power and authority to sell, encumber, or dispose of any property and issue negotiable bonds, notes, debentures, or other evidence thereof allows issuance of refunding bonds, even though refunding bonds are not expressly authorized by statute; grant of power under statute is so immense that power to issue refunding bonds is necessarily implied. Code, 8–33–4(i). County Com'n of Boone County v. Hill, 1995, 460 S.E.2d 727, 194 W.Va. 481. Counties ⚷ 175

Agreement between county commission and county building commission whereby building commission would construct a county judicial annex building to be leased to the county commission, and the county commission's dedication of coal severance tax revenues to payment of rentals for the annex, would not violate sections of Constitution limiting contracting of state debts, prohibiting granting of state's credit to or in aid of a county and limiting contracting of county debts. Const. art. 6, § 1; art. 10, §§ 4, 6, 6a, 8; Code, 8–16–1 et seq., 8–33–2, 11–13–21, 11–13–21(b). State ex rel. Kanawha County Bldg. Commission v. Paterno, 1977, 233 S.E.2d 332, 160 W.Va. 195. Counties ⚷ 152

4. Jurisdiction

To resolve issue whether petitioner county building commission had right to authorize and direct respondent president of county building commission to execute agreement between county commission and county building com-

mission for construction of county judicial annex building, no other party litigants were necessary or proper parties. Const. art. 8, § 3; Supreme Court of Appeals Rules, rule 18. State ex rel. Kanawha County Bldg. Commission v. Paterno, 1977, 233 S.E.2d 332, 160 W.Va. 195. Mandamus ⚷ 152

PART III—INDEBTEDNESS; SURPLUSES; EXEMPTION FROM TAXATION; FUNDS; PROPERTY

§ 8-33-5. Indebtedness of commission

No constitutional or statutory limitation with respect to the nature or amount of or rate of interest on indebtedness which may be incurred by municipalities, counties or other public or governmental bodies shall apply to the indebtedness of a commission. No indebtedness of any nature of a commission shall constitute an indebtedness of any municipality or county creating and establishing such commission or a charge against any property of said municipalities or counties. No indebtedness or obligation incurred by any commission shall give any right against any member of the governing body of any municipality or any member of the county commission of any county or any member of the board of any commission. The rights of creditors of any commission shall be solely against the commission as a corporate body and shall be satisfied only out of property held by it in its corporate capacity.

Acts 1968, c. 11; Acts 1969, c. 86; Acts 1975, c. 167.

Library References

Key Numbers
Municipal Corporations ⚷864(3).
Westlaw Key Number Search: 268k864(3).

Encyclopedias
C.J.S. Municipal Corporations § 1589.

Notes of Decisions

Limitation on use of funds or credit 1
Power to incur indebtedness 2

1. Limitation on use of funds or credit

Building commission's indebtedness pursuant to agreement with county commission by which building commission would construct a county judicial annex building to be leased to the county commission and county commission would pledge monies deposited in county coal severance tax revenue fund to payment of rentals was not a debt of the county or state. Code, 8-33-5; Const. art. 10, § 6a. State ex rel. Kanawha County Bldg. Commission v. Paterno, 1977, 233 S.E.2d 332, 160 W.Va. 195. Counties ⚷ 153.5

2. Power to incur indebtedness

State Constitution's prohibition against incurring excessive debt by municipal corporations was not violated by Charleston Building Commission's proposal to finance acquisition of building to be leased to state through issuance of bonds or certificates of participation. Const. Art. 10, § 8; Code, 8-33-5. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 864(3)

§ 8-33-6. Disposition of surplus of commission

If a commission should realize a surplus over and above the amount required for the improvement, maintenance and operation of its facilities and for meeting all required payments on its obligations, it shall set aside such reserve for future improvements, maintenance, operations and contingencies as it shall deem proper and shall then apply the residue of such surplus, if any, to the payment of any recognized and established obligations not then due, and after

all such recognized and established obligations have been paid and discharged in full, the commission shall, at the end of each fiscal year, set aside the reserve for future improvements, maintenance, operations and contingencies, as aforesaid, and then pay the residue of such surplus, if any, to the governmental bodies creating and establishing such commission in direct proportion to their financial contribution.

Acts 1968, c. 11; Acts 1969, c. 86.

§ 8–33–7. Property, bonds and obligations of commissions exempt from taxation

Each commission shall be exempt from the payment of any taxes or fees to the State or any subdivisions thereof or any municipalities or to any officer or employee of the State or of any subdivision thereof or of any municipality. The property of each commission shall be exempt from all municipal and county taxes. Bonds, notes, debentures and other evidences of indebtedness of each commission are declared to be issued for a public purpose and to be public instrumentalities, and, together with interest thereon, shall be exempt from taxation.

Acts 1968, c. 11; Acts 1969, c. 86.

Library References

Key Numbers
Taxation ⟹218.
Westlaw Key Number Search: 371k218.

Encyclopedias
C.J.S. Taxation § 260.

§ 8–33–8. Contributions to commissions; funds and accounts of commissions; reports; audits

Contributions may be made to each commission from time to time by the governmental body or bodies creating and establishing it, and persons that shall desire to do so. All funds received by each commission shall be deposited in such banking institution or banking institutions as the board may direct and shall be withdrawn therefrom in such manner as the board may direct. Each commission shall keep strict account of all of its receipts and expenditures and shall each quarter make a quarterly report thereon to the municipalities, counties and persons which have made contributions to it, and such report shall contain an itemized account of its receipts and disbursements during the preceding quarter. Such report shall be made within sixty days after the termination of the quarter. Within sixty days after the end of each fiscal year, each commission shall make an annual report containing an itemized statement of its receipts and disbursements for the preceding fiscal year and publish the same as a Class II–0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be each county in which the commission's facilities are located. The books, records and accounts of each commission shall be subject to audit and examination by the state tax commissioner and by other proper public official or body in the manner provided by law.

Acts 1968, c. 11; Acts 1969, c. 86.

§ 8–33–9. Authority to convey or transfer property to commission

Any municipality or county is hereby empowered and authorized to convey or transfer to a commission which it has created and established either alone or with another governmental body, property of any kind, heretofore acquired by said municipality or county, to carry out the purposes of said commission. When property is conveyed or transferred as aforesaid, the conveying or transferring municipality or county court and the board shall agree in writing at the time the conveyance or transfer is made as to the fair market value of such property. The members of the board appointed by any municipality or county court conveying or transferring property shall not participate in connection with, otherwise than to provide a quorum, or vote on, any motion or resolution by which the board agrees to the fair market value of the property so conveyed or transferred.

Acts 1968, c. 11; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Key Numbers
Municipal Corporations ⚷225(3).
Westlaw Key Number Search: 268k225(3).

Encyclopedias
C.J.S. Municipal Corporations § 888.

§ 8–33–10. Sale of property by commission

In the event a majority of the governmental bodies contributing funds or property to a commission shall so direct in writing and if all indebtedness of said commission has been paid in full, the commission shall sell all or any part of its properties and assets so directed and distribute the proceeds thereof among the governmental bodies creating and establishing it in direct proportion to their contributions of funds or property to the commission.

Acts 1968, c. 11; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⚷225(3).
Westlaw Key Number Search: 268k225(3).

Encyclopedias
C.J.S. Municipal Corporations § 888.

PART IV—WORKERS' COMPENSATION; CONSTRUCTION

§ 8–33–11. Workers' compensation

Each commission shall subscribe to the workers' compensation fund of this state and pay all necessary premiums thereto, to the end that all eligible employees of such commission shall be covered by workers' compensation.

Acts 1968, c. 11; Acts 1969, c. 86; Acts 1991, c. 16.

Cross References

Workers' compensation, generally, see § 23–1–1 et seq.

Library References

Key Numbers

Workers' Compensation ⟹380.
Westlaw Key Number Search: 413k380.

Encyclopedias

C.J.S. Workmen's Compensation §§ 115 to 116.

§ 8–33–12. Liberal construction

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate the purposes hereof. The provisions of this article are in addition to and not in derogation of any power granted to or vested in municipalities and county courts under any constitutional, statutory or charter provisions which may now or hereafter be in effect.

Acts 1968, c. 11; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Notes of Decisions

In general 1

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1. In general

Rental payments from state to Charleston Building Commission for use of building owned by commission were not an unconstitutional debt of state to city; state would not be assuming debt of commission or otherwise extending credit to commission, but instead would be merely reimbursing commission for use of rental property. Const. Art. 10, § 6. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. States ⟹ 120

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 16 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 16 OF THE 2009 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

February 24, 2010

Natalie E. Tennant

Secretary of State

ARTICLE 16

MUNICIPAL PUBLIC WORKS; REVENUE BOND FINANCING

Part I—Definitions; Authorization of Municipal Public Works.

Section
8-16-1. Definitions.
8-16-2. Municipalities authorized to construct, etc., public works and to acquire property; payment of costs.
8-16-3. Special provisions as to certain municipal public works.

Part II—Control of Governing Body or Board.

8-16-4. Construction, etc., to be under control of governing body or appointed board, etc.
8-16-4a. Additional special provisions as to motor vehicle parking facilities.
8-16-4b. Additional special provision as to the use of space in motor vehicle parking facilities.

Part III—General Powers and Authority.

8-16-5. Powers of board.
8-16-6. Preliminary expenses.
8-16-7. Ordinance for construction, etc., of works.

Part IV—Right of Eminent Domain.

8-16-8. Right of eminent domain.

Part V—Revenue Bond Financing.

8-16-9. Bonds for improvements, etc., of works.
8-16-10. Items of expense included in cost of works.
8-16-11. No municipality is to incur any obligation not payable from proceeds of bonds; exemption from taxation.
8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates.
8-16-13. Obligations not to bind municipal official or officer or member of board personally.
8-16-14. Additional bonds for improvements, etc., of works.
8-16-15. How proceeds of bonds applied.
8-16-16. Bonds secured by trust indenture between municipality or municipalities and corporate trustee.
8-16-17. Sinking fund; sinking fund commission; transfer of funds; purchase of outstanding bonds.

Part VI—Imposition of Rates or Charges.

8-16-18. Rates, fees or charges for services rendered by works.
8-16-18a. Pledge of the hotel occupancy tax; contribution of revenues to building commission.
8-16-19. Appeal to public service commission from rates fixed.

Part VII—Accounting System and Records.

8-16-20. Accounting system; yearly audit; custodian of funds.

Part VIII—Rates or Charges for Municipalities.

8-16-21. Governmental entities to pay established rates, fees or charges for services rendered to it or them.

Section

Part IX—Liens and Protection of Bondholders.

8–16–22. Statutory mortgage lien upon works created.
8–16–23. Acquisition of property on which lien exists.
8–16–24. Protection and enforcement of rights of bondholders, etc.; receivership; effect of receivership on lease agreement.

Part X—Construction; Extraterritorial Jurisdiction.

8–16–25. Article confers additional power and authority; extraterritorial jurisdiction.
8–16–26. Construction of power and authority conferred.
8–16–27. Article liberally construed.
8–16–28. Reference to "municipal authorities" or "municipal authority" elsewhere in law to mean "governing body" for the purposes of this article only.

PART I—DEFINITIONS; AUTHORIZATION OF MUNICIPAL PUBLIC WORKS

§ 8–16–1. Definitions

As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(a) "Municipal public works" or "works" or "projects" means the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, maintenance, repair (including replacements) and operation of jails, jail facilities, municipal buildings, police stations, fire stations, libraries, museums, other public buildings, incinerator plants, land fill or other garbage disposal systems, hospitals, piers, docks, terminals, airports, drainage systems, flood control systems, stormwater systems and associated stormwater management program, flood walls, culverts, bridges (including approaches, causeways, viaducts, underpasses and connecting roadways), public markets, cemeteries, motor vehicle parking facilities (including parking lots, buildings, ramps, curb-line parking, meters and other facilities considered necessary, appropriate, useful, convenient or incidental to the regulation, control and parking of motor vehicles), farms, dormitories, apartments and other housing facilities for the students and faculties of institutions of higher education; facilities providing housing for the elderly, including, but not limited to, life care facilities, congregate living facilities and adult residential facilities, stadiums, gymnasiums, sports arenas, auditoriums, public recreation centers, public recreation parks, swimming pools, roller skating rinks, ice skating rinks, tennis courts, golf courses, polo grounds, or the grading, regrading, paving, repaving, surfacing, resurfacing, curbing, recurbing, widening or otherwise improving of any street, avenue, road, alley or way, or the building or renewing of sidewalks, where works or projects will be made self-supporting, and the cost thereof, together with the interest thereon, will be returned within a reasonable period, not exceeding forty years, by means of tolls, fees, rents, special assessments or charges other than taxation; and the terms shall also mean any works or project as a whole, and all integral parts thereof, including all necessary, appropriate, useful, convenient or incidental

appurtenances and equipment in connection with any one or more of the above.

(b) "Stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term "stormwater systems" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(c) "Stormwater management program" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and shall include, but not be limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term " stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1935, c. 68, § 1; Acts 1945, c. 90; Acts 1951, c. 136; Acts 1955, c. 121; Acts 1959, c. 116; Acts 1961, c. 100; Acts 1969, c. 86; Acts 1981, c. 164; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Cross References

Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8-12-3.
General powers of every municipality and its governing body, see § 8-12-5.
Hotel occupancy tax, payment on bonds, see § 8-13-3.

Notes of Decisions

Construction and application 1
Municipal public works 3
Ordinances 4
Presumptions and burden of proof 5
Title of act 2

1. Construction and application

The requirement of the act conferring authority on a municipality to construct a flood control system, that public works conducted thereunder shall be self-sustaining, is not operative, where the work, like a flood wall, is incapable of producing an operating revenue. Acts 1935, c. 68. Duling Bros. Co. v. City of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Levees And Flood Control ⟹ 22

2. Title of act

The title, "An Act to authorize municipalities to establish * * * municipal public works and to defray the cost of such construction * * * by issuing revenue bonds, secured by and payable from the revenues of such systems; to authorize charges for the use of such municipal public works and to provide for the collection of same," having clearly expressed the principal object to authorize municipal public works, words descriptive of details ancillary thereto should not be narrowly defined. Acts 1935, c. 68; Const. art. 6, § 30. Duling Bros. Co. v. City

of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Statutes ⟹ 123(3)

The title, "An Act to authorize municipalities to establish * * * municipal public works and to defray the cost of such construction * * * by issuing revenue bonds, secured by and payable from the revenues of such systems; to authorize charges for the use of such municipal public works and to provide for the collection of same," contemplates special assessments, or charges, for the service or benefit from a flood wall. Acts 1935, c. 68; Cost. art. 6, § 30. Duling Bros. Co. v. City of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Statutes ⟹ 123(3)

3. Municipal public works

Building that was to be acquired and owned by Charleston Building Commission but leased to state was a "municipal public work" for purposes of revenue bond financing statutes. Code, 8-16-1. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⟹ 911

The words "automobile parking buildings" as used in the statute authorizing municipalities to construct and operate municipal public works and to pay therefor, mean automobile parking facilities, and include an automobile lot equipped with a 95 foot elevator for use in its operation, and an issue of revenue bonds authorized by an ordinance duly enacted as provided by the statutes, was valid. Act 1935, c. 68, as amended. State ex rel. Holbert v. Robinson, 1950, 59 S.E.2d 884, 134 W.Va. 524. Municipal Corporations ⟹ 276

The paving or repaving of a public street in a municipality is a "municipal public work" which municipality is authorized to construct by statute providing for issuance of revenue bonds for construction of such work. Acts 1935, c. 68. City of Moundsville v. Brown, 1945, 34 S.E.2d 321, 127 W.Va. 602. Municipal Corporations ⟹ 269(2)

4. Ordinances

The purpose of ordinances required by statute authorizing municipalities to establish and maintain municipal public works and defray cost thereof by issuing revenue bonds is to inform residents and taxpayers of the municipalities concerning outlay by them and expected returns from special assessment to be laid pursuant to the statute. Acts 1935, c. 68. Smith v. City of Parkersburg, 1943, 24 S.E.2d 588, 125 W.Va. 415. Municipal Corporations ⟹ 301

The statute requiring municipal ordinance authorizing construction of public work to set forth estimated cost thereof refers to the cost of the proposed work to the municipality, and not to other contributions. Acts 1935, c. 68, § 6. Smith v. City of Parkersburg, 1943, 24 S.E.2d 588, 125 W.Va. 415. Municipal Corporations ⟹ 303(1)

5. Presumptions and burden of proof

In absence of contrary showing, public improvement is presumed to create a special benefit, and one attacking validity of assessment therefor has burden of establishing invalidity thereof. State ex rel. City of Huntington v. Heffley, 1944, 32 S.E.2d 456, 127 W.Va. 254. Municipal Corporations ⟹ 484(1)

§ 8-16-2. Municipalities authorized to construct, etc., public works and to acquire property; payment of costs

Every municipality is and any two or more municipalities acting jointly, whether situate in the same county or different counties, are, hereby empowered and authorized to construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, own, equip, repair (including replacements), maintain and operate any municipal public works, together with all appurtenances necessary, appropriate, useful, convenient or incidental for or to the maintenance and operation of such works, and shall have plenary power and authority to acquire by gift, grant, purchase, condemnation or otherwise, and thereafter hold, all necessary lands, rights, easements, rights-of-way, franchises and other property therefor within or without, or partly within and partly without, the corporate limits of any such municipality or municipalities, and to issue revenue bonds to pay the costs of such public works and properties: Provided, That this section shall not be construed to authorize any municipality to construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, own, equip, repair (including replacements), maintain or operate any works which would render a service already being adequately rendered within such municipality. No obligation shall be incurred by

any municipality in such construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement or increase, except such as is payable solely from the funds provided under the authority of this article.

Acts 1935, c. 68, § 2; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⇐265.
Westlaw Key Number Search: 268k265.

Encyclopedias
C.J.S. Municipal Corporations § 958.

Notes of Decisions

Injunctive relief 4
Lease-purchase agreements 1
Refinancing 3
Revenue bonds 2

1. Lease-purchase agreements

Building that was to be acquired and owned by Charleston Building Commission but leased to state was a "municipal public work" for purposes of revenue bond financing statutes. Code, 8-16-1. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⇐ 911

Charleston Building Commission had authority to enter into lease-purchase agreement with state whereby commission would purchase and refurbish building, state would pay rent to commission in amount sufficient to discharge bonds or certificates of participation, and state would have option to purchase building from commission upon repayment of bonds or other such obligations. Code, 8-12-5(36), 8-33-4(f); Charleston, W.Va., Charter § 59. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⇐ 223

City of Charleston, in its distinctive role as capital of West Virginia, may provide property to state to be used as a state capitol or for other public buildings; this special authority extends to Charleston Building Commission and enables it, also, to provide property for state purposes. Code, 8-12-5(36), 8-33-4(f); Charleston, W.Va., Charter § 59. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⇐ 225(1)

2. Revenue bonds

State Constitution's prohibition against incurring excessive debt by municipal corporations was not violated by Charleston Building Commission's proposal to finance acquisition of building to be leased to state through issuance of bonds or certificates of participation. Const. Art. 10, § 8; Code, 8-33-5. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⇐ 864(3)

Charleston Building Commission has authority to issue bonds or certificates of participation to finance its acquisition and renovation of building that it intends to lease to state. Code, 8-33-4(h-j). State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⇐ 906

The proceeds of a series of general obligation bonds of city of Grafton issued for purpose of defraying part of expense of completing construction and equipment of a hospital owned by municipality, residue of which expense was paid from sale of revenue bonds could be used for such purpose. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935, c. 68. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⇐ 911

The validity of municipal revenue bonds issued by city of Grafton, the proceeds of which were to be used toward completion of hospital owned by city, was not impaired by fact that funds derived from general taxation, or from other sources, also had been, and were to be, used in construction of the hospital. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935 c. 68. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⇐ 911

A provision in ordinance of city of Grafton authorizing issuance of series of revenue bonds for completion of hospital building owned by city, which provides that bonds are to be a statutory mortgage lien on hospital when completed and on equipment and future additions thereto, and which pledges all of net profit from hospital for payment of the revenue bonds and interest thereon, is valid. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935, c. 68; 8-4A-22, as added by Laws 1935, c. 68, § 22. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⇐ 917(1)

General obligation bonds issued by city of Grafton, proceeds of which were to be used by defraying a part of expenses of completing hospital owned by city, were valid, in view of manner in which election authorizing issuance of bonds was conducted, and that validity of bond issue was approved by attorney general

and copy of his approval published in two newspapers of opposite politics and that no petition praying that attorney general's action be reversed was filed. Code 1931, 13–1–27. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⟹ 918(4)

A provision in ordinance of city of Grafton authorizing issuance by municipality of revenue bonds to aid in completion of hospital owned by municipality, to effect that municipality should pay legally established rates for use of hospital, did not create an "indebtedness" against the municipality within statutory or constitutional inhibition against creation of public debt. Code 1931, 8–4A–1 et seq., as enacted by Laws 1935, c. 68; 13–1–3; Const. art. 8, § 10. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⟹ 864(4)

Revenue bonds issued by municipality to aid in completion of hospital owned by municipality pursuant to act authorizing municipalities to issue revenue bonds for construction or maintenance of a municipal public works were not an "indebtedness" of municipality within statutory or constitutional inhibition against creation of public debt. Code 1931, 8–4A–1 et seq., as enacted by Laws 1935, c. 68; 13–1–3; Const. art. 8, § 10. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⟹ 864(4)

3. Refinancing

The statute authorizing municipalities to refinance "any enterprise" as therein defined does not authorize refinancing as a single issue three separate bond issues for three separate flood wall units constructed under separate ordinances and representing a variation in construction and maintenance costs, rates chargeable, etc. Acts 1937, c. 120; Acts 1935, c. 68; Const. art. 10, § 1; Code, 2–2–10. State ex rel. City of Huntington v. Heffley, 1944, 32 S.E.2d 456, 127 W.Va. 254. Levees And Flood Control ⟹ 34

4. Injunctive relief

Injunction would not lie to restrain enforcement of municipal ordinance transferring control of city's floodwall system from board to another local agency; municipality was authorized by statute to maintain control over municipal public works, including flood control systems and flood walls, petition for injunction did not indicate that ordinance would cause irreparable injury, and declaratory judgment action would be adequate remedy at law. Code, 8–16–1, 8–16–2, 8–16–4. Perdue v. Ferguson, 1986, 350 S.E.2d 555, 177 W.Va. 44. Injunction ⟹ 85(1)

§ 8–16–3. Special provisions as to certain municipal public works

When the municipal public works is a motor vehicle parking facility, any municipality involved therein shall have the plenary power and authority, in order to help finance the same, to use any revenue derived from other parking meters or other parking facilities, unless such revenue is otherwise pledged to pay for such other parking meters or other parking facilities.

When the municipal public works is a jail facility used for municipal prisoners, any municipality involved therein shall have the power and authority, in order to help finance the same, to pledge, for a period not to exceed twenty years, the proceeds derived from the imposition of fines and fees.

When the cost of the municipal public works is to be paid by special assessment against the abutting property, represented by assessment certificates which constitute a lien upon such property and said assessment certificates are pledged by any municipality to retire revenue bonds issued and sold to pay the cost thereof, the payor of such assessment certificate shall have the right to pay the same at any time before maturity, together with interest thereon to date of payment, and upon the payment of such assessment certificate the treasurer of such municipality shall deliver to the payor a release for such lien, and the funds received therefrom shall by said treasurer be deposited in a special fund to be expended only in the payment of such revenue bonds.

Acts 1951, c. 137; Acts 1953, c. 134; Acts 1955, c. 122; Acts 1963, c. 123; Acts 1969, c. 86.

Library References

Key Numbers

Municipal Corporations ⚷268.

Westlaw Key Number Search: 268k268.

Notes of Decisions

Financing 1
Mandamus 4
Parking facilities 2
Parking meters 3

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1. Financing

Fines generated by a municipal court may be dedicated to retire a debt created for a bond issue for not more than twenty years which finances the construction of a municipal building to the extent that said municipal building constitutes a jail or facility, the use or establishment of a jail which houses municipal prisoners. Magro, Op.Atty.Gen., June 7, 1988.

2. Parking facilities

Under statutes, municipal corporation which has appointed commission to supervise and control automobile parking facilities, when constructed, and has adopted bond ordinance to defray cost of construction, is empowered to pledge revenues derived from off street parking meters to help finance construction of automobile parking facilities, including payment of principal and interest on revenue bonds issued for purpose of financing construction of proposed automobile parking facility. Code, 8-4A-1a, as added by Acts 1951, c. 137, and amended by Acts 1953, c. 134. State ex rel. Bibb v. Chambers, 1953, 77 S.E.2d 297, 138 W.Va. 701. Municipal Corporations ⚷ 950(15)

Statute to effect that municipality shall have authority to establish automobile parking facilities and to create commission for supervision of such facilities and to pay to such commission revenue derived from parking meters or other parking facilities, unless otherwise pledged to pay for such meters or parking facilities, had as its underlying purpose alleviation of congested parking conditions in municipalities, and was enacted by Legislature in exercise of its police power. Code, 8-4A-1a, as added by Acts 1951, c. 137, and amended by Acts 1953, c. 134. State ex rel. Bibb v. Chambers, 1953, 77 S.E.2d 297, 138 W.Va. 701. Municipal Corporations ⚷ 276

3. Parking meters

Though on-street parking meters are designed to aid in controlling traffic on public streets of municipality, in exercise of police power, and fees may be employed to defray expense of regulatory service, fee charged may not be used for purely revenue raising purposes. Code, 8-4A-1 as amended by Acts 1945, c. 90, and Acts 1951, c. 136; 8-4A-1a, as added by acts 1951, c. 137, and amended by Acts 1953, c. 134. State ex rel. Bibb v. Chambers, 1953, 77 S.E.2d 297, 138 W.Va. 701. Automobiles ⚷ 5(3)

In absence of affirmative showing that revenue to be derived from off-street parking facilities and curb line parking meters exceeded cost of constructing and operating off-street parking facility, and on-street parking meters, and principal and interest on revenue bonds issued for purpose of financing such facilities, municipal bond ordinance to finance construction of off-street parking facilities by revenues derived from off-street parking facilities and from curb line parking meters, was not invalid as revenue raising measure. Code, 8-4A-1 as amended by Acts 1945, c. 90, and Acts 1951, c. 136; 8-4A-1a, as added by Acts 1951, c. 137, and amended by Acts 1953, c. 134. State ex rel. Bibb v. Chambers, 1953, 77 S.E.2d 297, 138 W.Va. 701. Automobiles ⚷ 7

4. Mandamus

Where council of municipal corporation enacted valid ordinance providing for construction of public automobile parking lots, to be financed by revenue bonds to be issued over signature of mayor of municipality, mayor had mandatory administrative duty enforcible in mandamus, to sign revenue bond, and to perform other administrative acts to bring about issuance of bonds, and further construction of proposed parking lot. Code, 8-4A-1 as amended by Acts 1945, c. 90, and Acts 1951, c. 136; 8-4A-1a, as added by Acts 1951, c. 137, and amended by Acts 1953, c. 134. State ex rel. Bibb v. Chambers, 1953, 77 S.E.2d 297, 138 W.Va. 701. Mandamus ⚷ 90

PART II—CONTROL OF GOVERNING BODY OR BOARD

§ 8–16–4. Construction, etc., to be under control of governing body or appointed board, etc.

The construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, repair (including replacements), custody, maintenance and operation of any such works, and the collection of revenues therefrom, shall be under the supervision and control of the governing body, or of a committee, by whatever name called, composed of all or a portion of the governing body when only one municipality is involved, or of a board or commission appointed by such governing body when only one municipality is involved or appointed by the governing bodies when two or more municipalities take joint action under the provisions of this article, as may be provided by the governing body or bodies.

When such supervision and control are vested in a committee, board or commission, the governing body or bodies, as the case may be, may provide, by ordinance or ordinances, for said committee, board or commission to exercise such of the functions of the governing body or bodies in connection with the matter as it or they deem proper, and may provide for said committee, board or commission to receive such compensation as such body or bodies may deem proper, all of which authority and compensation shall be specifically provided for by ordinance or ordinances. Any such committee, board or commission shall consist of the number of members fixed in the ordinance or ordinances creating the same, and the manner and mode of the selection and appointment of the members of any such board or commission shall be stated in such ordinance or ordinances. The members of any such board or commission appointed by the governing body or bodies shall be chosen without regard to their political affiliations, but with regard to their business and professional experience or standing as citizens in the community. All compensation and expenses, including attorney's fees, of such committee, board or commission shall be paid solely from funds provided under the authority of this article. Any such committee, board or commission shall have the power to establish bylaws, rules and regulations for its own government.

When hereinafter used in this article, the term "board" shall be construed to mean the governing body or committee composed of all or a portion of the governing body when only one municipality is involved, or a board or commission appointed by the governing body when only one municipality is involved or appointed by the governing bodies when two or more municipalities take joint action under the provisions of this article, as the case may be. When two or more municipalities take joint action under the provisions of this article each governing body shall appoint to the board the number of members which the governing bodies have agreed shall be appointed by each such governing body.

The governing body or bodies also, in its or their discretion, may provide by ordinance or ordinances for the leasing of a municipal public works and provide for the custody, maintenance and operation thereof by a lessee in accordance with the provisions of such ordinance or ordinances and lease

contract executed pursuant thereto: Provided, That the lessee shall pay to the municipality or municipalities for the use and occupancy of such municipal public works so leased an amount sufficient to provide a sinking fund for the payment of the bonds and the interest thereon and all other charges mentioned in section seventeen of this article.

Acts 1935, c. 68, §§ 3, 21; Acts 1937, c. 55; Acts 1961, c. 100; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⟹284(1).
Westlaw Key Number Search: 268k284(1).

Encyclopedias
C.J.S. Municipal Corporations § 967.

Notes of Decisions

Board, commission or committee 2
Injunctive relief 4
Leases 3
Title of act 1

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1. Title of act

The title, "An Act to authorize municipalities to establish * * * municipal public works and to defray the cost of such construction * * * by issuing revenue bonds, secured by and payable from the revenues of such systems; to authorize charges for the use of such municipal public works and to provide for the collection of same," having clearly expressed the principal object to authorize municipal public works, words descriptive of details ancillary thereto should not be narrowly defined. Acts 1935, c. 68; Const. art. 6, § 30. Duling Bros. Co. v. City of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Statutes ⟹ 123(3)

The title, "An Act to authorize municipalities to establish * * * municipal public works and to defray the cost of such construction * * * by issuing revenue bonds, secured by and payable from the revenues of such systems; to authorize charges for the use of such municipal public works and to provide for the collection of same," contemplates special assessments, or charges, for the service or benefit from a flood wall. Acts 1935, c. 68; Cost. art. 6, § 30. Duling Bros. Co. v. City of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Statutes ⟹ 123(3)

2. Board, commission or committee

Individual who has been appointed chairman pro tem of municipal building commission possesses same duties and responsibilities as regularly and duly elected chairman of that commission would possess. Code, 8-33-4. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⟹ 192

A national bank could be regarded as a "committee" under act authorizing municipalities to construct and maintain flood control systems, and placing the construction of a public work under the supervision of a "board, commission, or committee," but bank's decision as to reasonableness of agreed price for land needed for project is not final. Acts 1935, c. 68. Duling Bros. Co. v. City of Huntington, 1938, 196 S.E. 552, 120 W.Va. 85. Levees And Flood Control ⟹ 8

3. Leases

Generally, a municipality may lease property which it holds in its proprietary capacity but the power to lease does not include the power to discriminate against members of a minority race in the exercise of their constitutional rights. U.S.C.A.Const. Amends. 11-15. Lawrence v. Hancock, 1948, 76 F.Supp. 1004. Constitutional Law ⟹ 220.5(1)

Where municipality constructed swimming pool with public funds under statutory authority, the municipality, if pool is operated must operate it itself or, if leased, must see that pool is operated without discrimination against citizens on account of race or color. Code W.Va. 8-4A-1 et seq., 8-4A-21, 8-14-1 et seq., 13-1-8, 13-1-22; U.S.C.A.Const. Amend. 14. Lawrence v. Hancock, 1948, 76 F.Supp. 1004. Constitutional Law ⟹ 217(3)

Where city constructed swimming pool with public funds and leased pool to private association without consideration under lease which did not permit association to make profits from operation of pool but required it to use all net revenue to improve and develop pool and to provide additional recreational facilities, city could not by such lease relieve itself of obligation to see that constitutional right of all citizens to equal protection of law in use of pool was preserved. Code W.Va. 8-4A-1 et seq., 8-14-1 et seq., 13-1-8, 13-1-22; Const. U.S.C.A.Amend. 14. Lawrence v. Hancock, 1948, 76 F.Supp. 1004. Municipal Corporations ⟹ 721(3)

4. Injunctive relief

Injunction would not lie to restrain enforcement of municipal ordinance transferring control of city's floodwall system from board to another local agency; municipality was authorized by statute to maintain control over municipal public works, including flood control systems and flood walls, petition for injunction did not indicate that ordinance would cause irreparable injury, and declaratory judgment action would be adequate remedy at law. Code, 8–16–1, 8–16–2, 8–16–4. Perdue v. Ferguson, 1986, 350 S.E.2d 555, 177 W.Va. 44. Injunction ⟹ 85(1)

§ 8–16–4a. Additional special provisions as to motor vehicle parking facilities

(a) The legislature hereby finds that the greatly increased use by the public of motor vehicles of all kinds has caused serious traffic congestion on the streets of many municipalities in this State; that the lack of adequate planning and supervision of the location of parking facilities, the parking of motor vehicles of all kinds and the lack of adequate parking facilities for motor vehicles of all kinds substantially impede the free circulation of traffic in, through and from many municipalities in this State, impede the rapid and effective fighting of fires and disposition of police officers therein, contribute to the location and relocation of commercial and business enterprises outside of urban areas and retard the development of commerce and business within many municipalities in this State, thereby giving rise to urban blight and adversely affecting or threatening to adversely affect the tax base of such municipalities; that such parking crisis can be reduced by such municipalities providing adequate motor vehicle parking facilities strategically located there; that providing properly located terminal space for motor vehicles is a public responsibility; that fostering the development of commerce and business within municipalities, with the increased tax revenues resulting therefrom, is a public purpose; that fostering the availability of property for charitable use is a public purpose; that the closer the proximity between municipally owned motor vehicle parking facilities and commercial and business establishments the greater the development of commerce and business and the greater the level of revenue produced by such motor vehicle parking facilities; that the erection or construction of pedestrian viaducts, ramps, bridges, tunnels or other pedestrian facilities leading to and from motor vehicle parking facilities so as to facilitate the movement of pedestrians to and from such motor vehicle parking facilities fosters the development of commerce and business and increases the level of revenue produced by such motor vehicle parking facilities; that the leasing, particularly on a long-term basis, and the selling of space for commercial or business use in connection with a municipally owned motor vehicle parking facility will aid the development of commerce and business, increase the level of revenue produced by such motor vehicle parking facility and maintain and increase the tax base of such municipalities; that in many instances the authority for the leasing of space as provided for in this section would assist in financing the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of any such motor vehicle parking facility; that the enactment of this section is for the general welfare of the public and is a public necessity; and that the means and measures authorized in this section are, as a matter of public policy, for the

public purposes of such municipalities. This section is enacted in view of these findings and shall be liberally construed in the light thereof.

(b) The governing body or bodies, in its or their discretion, may provide by ordinance or ordinances:

(1) For the leasing by the board as lessor of space in or on a municipal public works which is a motor vehicle parking facility for any business, commercial or charitable use to such person, for such fair and adequate consideration, for such period or periods of time and upon such other terms and conditions as such body or bodies or the board may agree to. In connection with the leasing of any such space, the board may agree to provide in or on such motor vehicle parking facility such structures, accommodations or improvements as may be necessary for such business, commercial or charitable use or such space may be leased upon condition that the lessee shall provide the same in or on the space so leased.

(2) For the leasing by the board as lessor or the selling of air space over a municipal public works which is a motor vehicle parking facility for any business, commercial or charitable use to such person, for such fair and adequate consideration, for such period or periods of time in the case of a lease and upon such other terms and conditions as such body or bodies or the board may agree to. Any lease or deed of sale of such air space may contain provisions (i) authorizing the use of such areas of the underlying motor vehicle parking facility as are essential for ingress and egress to and from such air space, (ii) relating to the support of any building or other structure to be erected in such air space, and (iii) relating to the connection of essential public or private utilities to any building or other structure in such air space.

(3) For the erection or construction by the board of any pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility leading to and from a municipal public works which is a motor vehicle parking facility; and any such pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility shall, for all purposes of this article, be considered to be a part of a municipal public works which is a motor vehicle parking facility with like effect as if the term "municipal public works" were expressly defined in section one of this article to include pedestrian viaducts, ramps, bridges, tunnels or other pedestrian facilities: Provided, That any cost incurred by any municipality or municipalities in erecting or constructing any such pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility which connects a municipal public works which is a motor vehicle parking facility with a privately owned building or buildings or other privately owned structure or structures shall be paid for by the owner or owners of such building or buildings or such other structure or structures.

Any such lease may be privately negotiated without any public notice or advertising, and any such sale may be a public sale pursuant to the provisions of section eighteen, article twelve of this chapter or such sale may be privately negotiated, notwithstanding the provisions of said section eighteen.

(c) The proceeds received from any lease, sale or payment as provided in this section shall be deemed revenue of the works and used as provided in section seventeen of this article.

(d) Notwithstanding the fact that any motor vehicle parking facility subject to the provisions of this article is municipally owned and the fact that a lease or sale under the provisions of subdivision (1) or subdivision (2), subsection (b) of this section is for a public purpose as declared in subsection (a) of this section, any leasehold interest under said subdivision (1), and any building, structure, accommodation or improvement erected, made or operated in any air space leased or sold under said subdivision (2) shall be subject to all property taxes, which shall be assessed and imposed against the lessee or grantee, as the case may be, unless the use of such leasehold interest, building, structure, accommodation or improvement is otherwise exempt from property taxation under the provisions of section nine, article three, chapter eleven of this code.

Acts 1971, c. 99.

Library References

Key Numbers

Municipal Corporations ⚷268.
Westlaw Key Number Search: 268k268.

Notes of Decisions

Condemnation 3
Powers of legislature 2
Validity 1

1. Validity

West Virginia statute authorizing municipalities to lease space in municipally owned parking facilities to private interests, as construed by the West Virginia Supreme Court to authorize sale or lease to private interests of ancillary or incidental space which has as its primary and dominant purpose the conferring of benefits on the public generally, is constitutional on its face and West Virginia law provides adequate means to assure against unconstitutional application should private purpose utilization be allowed to advance beyond the threshold of incidental use. 28 U.S.C.A. §§ 2201, 2202; Code W.Va. 8–16–4a; U.S.C.A.Const. Amend. 14. Washington-Summers, Inc. v. City of Charleston, 1977, 430 F.Supp. 1013. Municipal Corporations ⚷ 722

Exemption from taxation of municipally owned parking facility, some of whose space was being leased to private business, and the bonds and interest which financed the facility did not violate constitutional limitation on exemption from taxation or constitutional requirement that taxation be uniform. Code, 8–16–4a(a); Const. art. 10, §§ 1, 9. State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Taxation ⚷ 193

City's operation of parking facility in which a portion of the parking space was devoted to private business did not violate the State or Federal Constitutions on theory that such facilities were in competition with private persons providing the similar service, thus denying equal protection and taking property for private purposes. Code, 8–16–4a(a); Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Constitutional Law ⚷ 234.6

Statute, which authorizes the creation of municipal parking authorities and which allows for leasing of space within municipal parking lots to private concerns, does not violate state constitutional provisions relating to uniformity of taxation and exemption of certain items from taxation nor does it violate the due process or equal protection guarantees of the State or Federal Constitutions. Code, 8–16–4a(a); Const. art. 3, §§ 9, 10, art. 5, §§ 1, 5; U.S.C.A.Const. Amend. 14. State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Constitutional Law ⚷ 234.6

If any municipal parking facility project is challenged on the constitutional grounds of lack of "public purpose", court must look to an expansive definition of "public purpose" and evaluate the project in terms of the necessity of commercial sale or leasing of space to finance the facility, the degree to which the facility will enhance or implement any plan of urban devel-

opment, and the degree to which the proposed project will enhance the public policy of encouraging economic development and expansion of industry and commerce. Code, 8–16–4a(a). State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Municipal Corporations ⟹ 267

Although municipally owned parking facility designed for an acknowledged public purpose is constitutional, even though it confers ancillary and incidental benefits upon private persons, a municipally owned parking facility which has, as its primary and dominant purpose, the conferring of private benefits, with only ancillary public benefits, would be an unconstitutional use of the authority conferred on municipalities by the legislature. Code, 8–16–4a(a). State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Municipal Corporations ⟹ 267

2. Powers of legislature

Public parking is among the public purposes on which the legislature may direct or authorize government action. Code, 8–16–4a(a). State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. States ⟹ 21

Legislature was entitled to delegate power to municipal corporation to determine the amount of space in a public parking facility which would be leased or sold to private business, commercial or charitable uses, subject to the constitutional limits on a municipality's discretion. Code, 8–16–4a(a). State ex rel. City of Charleston v. Coghill, 1973, 207 S.E.2d 113, 156 W.Va. 877. Constitutional Law ⟹ 63(2)

3. Condemnation

A finding that a public condemnor has the right to take property for purposes stated in petition for commencement of condemnation proceedings and enter the property is immediately appealable. Code W.Va. 8–16–4a, 54–2–2, 54–2–5, 54–2–14. Washington-Summers, Inc. v. City of Charleston, 1977, 430 F.Supp. 1013. Eminent Domain ⟹ 253(2)

Failure of petition for commencement of condemnation proceedings to state all uses for which property is intended may be ground for denying the petition. Code W.Va. 8–16–4a, 54–2–2, 54–2–5, 54–2–14. Washington-Summers, Inc. v. City of Charleston, 1977, 430 F.Supp. 1013. Eminent Domain ⟹ 191(3)

§ 8–16–4b. Additional special provision as to the use of space in motor vehicle parking facilities

For all purposes of this article, the power and authority of any municipality to lease, as lessor, space in a motor vehicle parking facility to any person for business, commercial or charitable use shall be deemed to include the power and authority to lease such space to the United States of America, the State of West Virginia, the county court of any county of the State of West Virginia, and any agency, board or commission of any thereof, and the revenues derived from such leases may be pledged as security for and expended in payment of revenue bonds of such municipality in like manner and to the same extent as other revenues from such motor vehicle parking facility.

Acts 1974, c. 47.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

PART III—GENERAL POWERS AND AUTHORITY

§ 8–16–5. Powers of board

The board shall have plenary power and authority to take all steps and proceedings, and to make and enter into all contracts or agreements necessary, appropriate, useful, convenient or incidental to the performance of its duties and the execution of its powers and authority under this article: Provided, That any contract or agreement relating to the financing, or the construction,

reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, operation or maintenance of any such works, and any trust indenture with respect thereto as hereafter provided for, shall be approved by the governing body or bodies.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board may direct. All compensation and expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any power or authority herein given it so as to bind said board or any municipality beyond the extent to which money shall have been, or may be provided under the authority of this article.

No contract or agreement with any contractor or contractors for labor or materials, or both, exceeding in amount the sum of ten thousand dollars shall be made without advertising for bids, which bids shall be publicly opened and an award made to the lowest responsible bidder, with power and authority in the board to reject any and all bids.

After the construction, reconstruction, establishment, acquisition, renovation or equipment of any such works, the board shall maintain, operate, manage and control the same, and may order and complete any improvements, extensions, enlargements, increase or repair (including replacements) of and to the works that the board may consider expedient, if funds therefor be available, or are made available, as provided in this article, and shall establish rules for the use, maintenance and operation of the works, and do all things necessary or expedient for the successful operation thereof, and for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, stormwater and surface runoff water quality improvement activities necessary to comply with all federal and state requirements. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided under the authority of this article.

Acts 1935, c. 68, § 4; Acts 1969, c. 86; Acts 1998, c. 214, eff. 90 days after March 14, 1998; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⚷328.
Westlaw Key Number Search: 268k328.

Encyclopedias

C.J.S. Municipal Corporations §§ 1027 to 1029.

§ 8–16–6. Preliminary expenses

All necessary preliminary expenses actually incurred by the board of any municipality or municipalities in the making of surveys or estimates of cost and

of revenues, employment of engineers or other employees, the giving of notices, the taking of options, and all other expenses of whatsoever nature necessary to be paid prior to the issue, sale and delivery of the revenue bonds herein provided for, may be paid by the municipality or municipalities, to be reimbursed and repaid out of the proceeds of the sale of such revenue bonds to be used for the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of such works as hereinafter provided.

Acts 1935, c. 68, § 5; Acts 1969, c. 86.

§ 8–16–7. Ordinance for construction, etc., of works

Before any municipality or municipalities shall, under the provisions of this article, construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, equip or repair (including replacements) any municipal public works, the governing body, or the governing body of each participating municipality, shall enact an ordinance or ordinances, which shall (a) set forth a brief and general description of the works, including a reference to the preliminary report or plans and specifications which shall theretofore have been prepared; (b) set forth the estimated cost thereof; (c) order the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of such works; (d) direct that municipal revenue bonds be issued pursuant to this article, in such amount as may be found necessary to pay the cost of the works; (e) contain such provisions as the governing body determines are necessary or desirable with regard to the establishment and setting aside of reserves from the proceeds of such revenue bonds or from the revenues of said works, or from both, and the administration and disposition thereof; and (f) contain such other provisions as may be necessary or proper in the premises. When two or more municipalities take joint action under the provisions of this article, a certified copy of each such ordinance shall be filed in the office of the clerk of the county commission of the county or counties in which the municipalities are located and in the office of the state tax commissioner, and when any such municipality is located in more than one county, the filing for that municipality shall be in the office of the clerk of the county commission in which the major portion of the territory of such municipality is located. Before any such ordinance shall become effective, an abstract of the ordinance, determined by the governing body or each governing body, as the case may be, to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be such municipality or each such municipality, as the case may be. The notice to be published with said abstract of the ordinance shall specify a date, time and place for a public hearing, the date being not less than ten days after the first publication of said abstract and notice and not prior to the last publication of

said abstract and notice, at which time and place all parties and interest may appear before the governing body of the municipality or each such municipality and may be heard as to whether or not said ordinance shall be put into effect, and said notice shall also identify the office in which a certified copy of such ordinance shall be on file for review by interested persons during the office hours of such office. At such hearing all objections and suggestions shall be heard and the governing body or each such governing body shall take such action as it or they shall deem proper in the premises: Provided, That if at any such hearing written protest is filed by thirty percent or more of the freeholders of the municipality for which the hearing is held, then the governing body of said municipality shall not take further action unless four fifths of the members of said governing body assent thereto: Provided, however, That in case written protest is filed by thirty percent or more of the freeholders as herein provided, any such governing body shall have authority to appoint a committee to consist of one proponent, one opponent, and the third to be selected by these two, to determine whether or not thirty percent of the freeholders have in fact protested and said committee shall report its findings to any such governing body.

Acts 1935, c. 68, § 6; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 193; Acts 1973, c. 89; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Municipal Corporations ⇐300.
Westlaw Key Number Search: 268k300.

Encyclopedias
C.J.S. Municipal Corporations § 991.

Notes of Decisions

Cost information 2
Purposes of ordinances 1
Repeal of ordinance 3

1. Purposes of ordinances

The purpose of ordinances required by statute authorizing municipalities to establish and maintain municipal public works and defray cost thereof by issuing revenue bonds is to inform residents and taxpayers of the municipalities concerning outlay by them and expected returns from special assessment to be laid pursuant to the statute. Acts 1935, c. 68. Smith v. City of Parkersburg, 1943, 24 S.E.2d 588, 125 W.Va. 415. Municipal Corporations ⇐ 301

2. Cost information

Municipal ordinances relating to flood wall project, which set forth the estimated cost of the proposed work to the city, but not the total cost of the project including that assumed by federal government, sufficiently complied with statute requiring such a municipal ordinance to set forth the estimated cost thereof. Acts 1935, c. 68, § 6. Smith v. City of Parkersburg, 1943, 24 S.E.2d 588, 125 W.Va. 415. Levees And Flood Control ⇐ 12

The statute requiring municipal ordinance authorizing construction of public work to set forth estimated cost thereof refers to the cost of the proposed work to the municipality, and not to other contributions. Acts 1935, c. 68, § 6. Smith v. City of Parkersburg, 1943, 24 S.E.2d 588, 125 W.Va. 415. Municipal Corporations ⇐ 303(1)

3. Repeal of ordinance

Referendum attempting repeal of city ordinance authorizing the issuance of bonds for construction of an incinerator plant under act authorizing municipalities to issue revenue bonds for construction or maintenance of a municipal public works, could not affect the validity of the ordinance when questioned for other reasons by bondholders. Code, 8-4A-1 et seq. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Municipal Corporations ⇐ 108.1

PART IV—RIGHT OF EMINENT DOMAIN

§ 8–16–8. Right of eminent domain

Every such municipality shall have plenary power and authority to condemn any such municipal public works to be acquired, and any land, rights, easements, rights-of-way, franchises and other property, real or personal, deemed necessary, appropriate, useful or convenient for, and incidental to, the construction, reconstruction or establishment of any such works and space for business, commercial or charitable use in connection therewith, or for the improvement, renovation, extension, enlargement, increase or equipment thereof or thereto, and in connection therewith shall have and may exercise all the rights, power, authority and privileges of eminent domain granted to municipalities under the laws relating thereto. Title to property shall be taken in the name of the municipality or jointly in the names of the participating municipalities. Proceedings for such appropriation of property shall be under and pursuant to chapter fifty-four of this code: Provided, That any such municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from funds provided under the authority of this article; and in any proceedings to condemn, such orders may be made as may be just to any such municipality and to the owners of the property to be condemned; and an understanding or other security may be required securing such owners against any loss or damage which may be sustained by reason of the failure of any such municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon any such municipality, except such as may be paid from the funds provided under the authority of this article.

In the event of acquisition by purchase, the board may obtain and exercise an option from the owners of said property for the purchase thereof, and may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper: Provided, however, That the exercise of such option, or the contract for such purchase, or such purchase shall in no event create any obligation of any such municipality, or create any debt, liability or claim, except such as may be discharged or paid from the funds provided under the authority of this article.

In the event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of any ordinance described in section seven hereof, shall cause to be determined what reconstruction, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) will be necessary, in order that such works and space for business, commercial or charitable use in connection therewith, if any, may be effective for their purpose, and an estimate of the cost thereof shall be included in the estimate of the cost required by section seven hereof, and the same shall be made upon the acquisition of the works and as a part of the cost thereof: Provided further, That no municipality or municipalities shall, under the authority conferred by this article, condemn any existing

privately owned works (other than motor vehicle parking facilities) in operation at the date of the condemnation.

Acts 1935, c. 68, § 7; Acts 1969, c. 86; Acts 1971, c. 99.

Library References

Key Numbers
Eminent Domain ⚷18.
Westlaw Key Number Search: 148k18.

Encyclopedias
C.J.S. Eminent Domain §§ 51, 54.

PART V—REVENUE BOND FINANCING

§ 8-16-9. Bonds for improvements, etc., of works

Whenever any municipality or municipalities now, or hereafter, shall own and maintain and operate any of the works herein referred to, whether constructed, reconstructed, established or acquired under the provisions of this article or not, and shall desire to improve, renovate, extend, enlarge, increase, equip or repair (including replacements) the same, it may issue revenue bonds, under the provisions of this article, to pay for the same, and the procedure therefor, including fixing all rates and the computation of the amount thereof, shall be the same as in this article provided for the issuance of bonds for the construction, reconstruction, establishment or acquisition of any such works in or by any such municipality which has not theretofore owned and maintained and operated any such works: Provided, That no existing obligations or rights shall be affected or impaired thereby.

Acts 1935, c. 68, § 8; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⚷911.
Westlaw Key Number Search: 268k911.

Encyclopedias
C.J.S. Municipal Corporations § 1649.

Notes of Decisions

In general 2
Calling of bonds 5
Construction and application 1
Funding sources 3
Validity of bonds 4

1. Construction and application

Building that was to be acquired and owned by Charleston Building Commission but leased to state was a "municipal public work" for purposes of revenue bond financing statutes. Code, 8-16-1. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 911

2. In general

The proceeds of a series of general obligation bonds of city of Grafton issued for purpose of defraying part of expense of completing construction and equipment of a hospital owned by municipality, residue of which expense was paid from sale of revenue bonds could be used for such purpose. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935, c. 68. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⚷ 911

City of Wheeling held authorized to issue bonds for constructing bridge across river within corporate limits (Acts 1923, c. 14; Charter of City of Wheeling, §§ 31, 83, 84). State v. Steen, 1928, 145 S.E. 602, 106 W.Va. 325. Municipal Corporations ⚷ 911

3. Funding sources

Fines generated by a municipal court may be dedicated to retire a debt created for a bond issue for not more than twenty years which finances the construction of a municipal build-

ing to the extent that said municipal building constitutes a jail or facility, the use or establishment of a jail which houses municipal prisoners. Magro, Op.Atty.Gen., June 7, 1988.

4. Validity of bonds

The validity of municipal revenue bonds issued by city of Grafton, the proceeds of which were to be used toward completion of hospital owned by city, was not impaired by fact that funds derived from general taxation, or from other sources, also had been, and were to be, used in construction of the hospital. Code 1931, 8–4A–1 et seq., as enacted by Laws 1935 c. 68. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⇐ 911

5. Calling of bonds

Portion of city's ordinance requiring city to call revenue bonds it issued when a certain surplus existed in sinking fund from which payments were to be made was invalid. Code, 8–16–9 et seq., 8–16–12. City of Fairmont v. Investors Syndicate of America, Inc., 1983, 307 S.E.2d 467, 172 W.Va. 431. Municipal Corporations ⇐ 953

§ 8–16–10. Items of expense included in cost of works

The cost of the works shall be deemed to include the cost of construction, reconstruction, establishment or acquisition thereof, the cost of all land, rights, easements, rights-of-way, franchises and other property, real or personal, deemed necessary, appropriate, useful, convenient or incidental therefor or thereto and for the improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) determined upon; the interest upon bonds prior to and during the project and for six months after completion thereof; the amount of any reserve funded from the proceeds of bonds; engineering and legal expenses; expenses for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses; and such other expenses as may be necessary or incident to the financing herein authorized, the project, the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof.

Acts 1935, c. 68, § 9; Acts 1969, c. 86; Acts 1973, c. 89.

Library References

Key Numbers

Municipal Corporations ⇐950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–16–11. No municipality is to incur any obligation not payable from proceeds of bonds; exemption from taxation

Nothing in this article contained shall be so construed as to authorize or permit any municipality or municipalities to make any contract or incur any obligation of any kind or nature, except such as shall be discharged or payable solely from the funds provided under the authority of this article. Funds for the payment of the entire cost of the works shall be provided by the issuance of revenue bonds of the municipality or municipalities, the principal and interest of which bonds shall be payable solely from the special fund for such payment herein provided for, and said bonds shall not in any respect be a corporate indebtedness of such municipality or municipalities. All such bonds and the interest thereon, and all properties and revenues and income derived from such

municipal public works, shall be exempt from all taxation by this State, or any county, municipality, political subdivision or agency thereof. All of the details of such bonds and the issuance thereof shall be determined by ordinance of the governing body or bodies.

Acts 1935, c. 68, § 10; Acts 1969, c. 86.

Library References

Key Numbers

Municipal Corporations ⚷950(15).
Taxation ⚷218.
Westlaw Key Number Searches: 268k950(15); 371k218.

Encyclopedias

C.J.S. Municipal Corporations §§ 1708 to 1709.
C.J.S. Taxation § 260.

Notes of Decisions

Constitutional provisions 1

1. Constitutional provisions

State Constitution's prohibition against incurring excessive debt by municipal corporations was not violated by Charleston Building Commission's proposal to finance acquisition of building to be leased to state through issuance of bonds or certificates of participation. Const. Art. 10, § 8; Code, 8-33-5. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. Municipal Corporations ⚷ 864(3)

Provision of State Constitution prohibiting state from contracting debt except under certain circumstances is not designed to prohibit state or state's agencies from issuing revenue bonds that are to be liquidated from contracts requiring rental payments from another state agency or from contracts for necessary services such as utilities; nor does that constitutional provision preclude issuance of revenue bonds which are to be redeemed from special fund. Const. Art. 10, § 4. State ex rel. Charleston Bldg. Com'n v. Dial, 1996, 479 S.E.2d 695, 198 W.Va. 185. States ⚷ 148

§ 8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable semiannually, or at shorter intervals, and shall mature at such time or times, not exceeding forty years, as may be determined by the ordinance or ordinances authorizing the issuance of such bonds. Such bonds may be made redeemable before maturity, at the option of the municipality or municipalities issuing the same, to be exercised by said board, at not more than the par value thereof, and at a premium of not more than five percent, under such terms and conditions as may be fixed by the ordinance or ordinances authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Such ordinance or ordinances shall determine the form of the bonds, either coupon or registered, shall set forth any registration or conversion privileges, and shall fix the denomination or denominations of such bonds, and the place or places of the payment of the principal and interest thereof, which may be at any banking institution or trust company within or without the State. When two or more municipalities take joint action under the provisions of this article, the bonds shall be issued by the participating municipalities either as separate or joint bonds, as the governing bodies thereof may agree, and when separate bonds are issued, the amount of the bonds to be issued by each participating municipality shall be fixed by agreement of the governing bodies of the participating municipalities set forth

in the ordinance of each participating municipality authorizing the issuance of such bonds. The bonds shall contain a statement on their face that the municipality or municipalities issuing the same shall not be obligated to pay the same, or the interest thereon, except from the special fund derived from the net revenue of the works, or the pro rata part thereof, as provided for in section eleven hereof. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of negotiable instruments, under the Uniform Commercial Code of this State. The bonds shall be executed in such manner as the governing body or bodies may direct. The bonds shall be sold by the governing body or bodies in such manner as may be determined to be for the best interest of the municipality or municipalities: Provided, That said bonds shall not be negotiated at a price lower than a price which when computed to maturity upon standard tables of bond values will show a net return of more than thirteen percent per annum to the purchaser upon the amount paid therefor. Any surplus of the bond proceeds over and above the cost of the project shall be paid into the sinking fund hereinafter provided for. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the project, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the ordinance or ordinances authorizing the issuance of the bonds first issued, or in the trust indenture hereinafter authorized, shall be deemed to be of same issue, and shall be entitled to payment without preference or priority of the bonds first issued; and if any preference or priority of the bonds first issued is provided for in the ordinance or ordinances authorizing the issuance of the bonds first issued or in said trust indenture, such preference or priority shall not extend to an amount exceeding ten percent of the original issue. Prior to the preparation of the definitive bonds, interim certificates may, under like restrictions, be issued, exchangeable for definitive bonds upon the issuance of the latter.

Acts 1935, c. 68, § 11; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Key Numbers
Municipal Corporations ⇐922.
Westlaw Key Number Search: 268k922.

Notes of Decisions

In general 2
Bond limits 4
Constitutional provisions 1
Redemption 5
Validity of ordinance 3

1. Constitutional provisions

Revenue bonds and interest coupons provided for by city ordinance providing for construction of proposed bridge and tunnel facility did not constitute an "indebtedness" of city or State Road Commission within meaning of section of the constitution limiting bonded "indebtedness" of municipalities. Code, 17-17-30 et seq.; Const. art. 10, § 8. State ex rel. Anderson v. Dailer, 1955, 85 S.E.2d 656, 140 W.Va. 513. Municipal Corporations ⇐ 916

Under statute providing that bonds issued or given as security in connection with construction of a toll bridge will be payable solely out of revenues of such bridge, where each bond contained a provision to effect that municipality was not obligated to pay bond or interest thereon except from net revenues of bridge, and that

credit or taxing power of the municipality was not deemed to be pledged, the bond issue was not violation of the constitutional limitation on the bonded indebtedness of a municipality. Code, 17-17-32, 33; Const. Art. 10, § 8. State ex rel. Knight v. Hanway, 1951, 67 S.E.2d 1, 136 W.Va. 219. Municipal Corporations ⟹ 916

2. In general

City located on or near state boundary and confronted with necessity of purchasing property and erecting sewage disposal plant in adjoining state held authorized under statute to issue revenue bonds payable solely from revenues of such plant. Acts 1933, 1st Ex.Sess., c. 25, as amended by Acts 1933, 2d Ex.Sess., c. 48. Bernard v. City of Bluefield, 1936, 186 S.E. 298, 117 W.Va. 556. Municipal Corporations ⟹ 919

Provisions of statute relating to issuance of municipal bonds constitute integral parts of bonds regardless of whether included therein (Acts 1933 [1st Ex.Sess.] c. 25, §§ 9, 10, 16, 21). Brewer v. City of Point Pleasant, 1934, 172 S.E. 717, 114 W.Va. 572. Municipal Corporations ⟹ 923

That special tax rate may be insufficient to pay improvement bonds and interest held not to invalidate issue. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⟹ 919

That special rate of tax levied to pay bonds may be insufficient to pay them and interest will not invalidate issue, in view of fact that bonds are to raise money to carry on improvement anticipatory of repayment to city by assessments against abutting property, as city, in view of Barnes' Code 1923, c. 47, § 49c(1)-49c(18), may rely to some extent on such payments. Sexton v. Lee, 1925, 130 S.E. 437, 100 W.Va. 389. Municipal Corporations ⟹ 919

3. Validity of ordinance

Portion of city's ordinance requiring city to call revenue bonds it issued when a certain surplus existed in sinking fund from which payments were to be made was invalid. Code, 8-16-9 et seq., 8-16-12. City of Fairmont v. Investors Syndicate of America, Inc., 1983, 307 S.E.2d 467, 172 W.Va. 431. Municipal Corporations ⟹ 953

4. Bond limits

In an ordinance the authorization of bonds not to exceed $6,000 is equivalent, in legal effect, to fixing the amount of such bonds at such sum. Knight v. Town of West Union, 1898, 32 S.E. 163, 45 W.Va. 194. Municipal Corporations ⟹ 917(1)

A municipal ordinance which authorizes the issuance of bonds for waterworks to an amount not exceeding $6,000 empowers the council to issue to the amount of $6,000, if necessary, for the purpose expressed in the ordinance, otherwise not. Knight v. Town of West Union, 1898, 32 S.E. 163, 45 W.Va. 194. Municipal Corporations ⟹ 916

5. Redemption

Only municipality, whose board can exercise option to redeem, can call bonds before maturity; it cannot, by its ordinance, give redemption decision to bondholders. Code, 8-16-12. City of Fairmont v. Investors Syndicate of America, Inc., 1983, 307 S.E.2d 467, 172 W.Va. 431. Municipal Corporations ⟹ 953

§ 8-16-13. Obligations not to bind municipal official or officer or member of board personally

No municipal official or officer or member of the board shall in any event be personally liable upon any contract or obligation of any kind or character executed under the authority herein contained, even if said undertaking should thereafter be held ultra vires.

Acts 1935, c. 68, § 12; Acts 1969, c. 86.

§ 8-16-14. Additional bonds for improvements, etc., of works

The governing body or bodies may provide by the said ordinance or ordinances authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued at one time, or from time to time, under such limitations and restrictions as may be set forth in said ordinance or ordinances, or trust indenture, or all of these, for the purpose of improving, renovating, extending, enlarging, increasing, equipping or repairing (including replacements) the works when deemed neces-

sary in the public interest, such additional bonds to be secured, and be payable from the revenues of the works, as provided for in section nine of this article.

Acts 1935, c. 68, § 13; Acts 1969, c. 86.

§ 8-16-15. How proceeds of bonds applied

All moneys received from the sale of any bonds issued under the authority of this article, after reimbursements and repayments to said municipality or municipalities of all amounts advanced for preliminary expenses, as provided in section six of this article, shall be applied solely to the payment of the cost of the project, or to the appurtenant sinking fund, and there shall be, and there is hereby, created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for.

Acts 1935, c. 68, § 14; Acts 1969, c. 86.

Library References

Key Numbers

Municipal Corporations ⇐950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-16-16. Bonds secured by trust indenture between municipality or municipalities and corporate trustee

In the discretion and at the option of the governing body or bodies such bonds may be secured by a trust indenture by and between such municipality or municipalities and a corporate trustee, which may be a trust company or banking institution having powers of a trust company within or without the State. The ordinance or ordinances authorizing the issuance of the revenue bonds, and fixing the details thereof, may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality or municipalities and the board in relation to the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase and equipment of the project and the repair (including replacements), maintenance, operation and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the project shall be contracted for, carried out and paid for, under the supervision and approval of the consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders or such trustee, or both. Except as in this article otherwise provided, the governing body or bodies may provide by ordinance or ordinances or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository, as such body or bodies may determine for the custody thereof, and for the method of distribu-

tion thereof, with such safeguards and restrictions as such body or bodies may determine.

Acts 1935, c. 68, § 15; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⟹919.
Westlaw Key Number Search: 268k919.

Encyclopedias
C.J.S. Municipal Corporations § 1661.

§ 8–16–17. Sinking fund; sinking fund commission; transfer of funds; purchase of outstanding bonds

Before the issuance of any such bonds, the governing body or bodies shall, by ordinance or ordinances, provide for a sinking fund for the payment of the bonds and the interest thereon, and the payment of the charges of banking institutions or trust companies for making payment of such bonds and interest, out of the net revenues of said works, and shall set aside and pledge a sufficient amount of the net revenues of the works hereby defined to mean the revenues of the works remaining after the payment of the reasonable expenses of repair (including replacements), maintenance and operation, such amount to be paid by the board into the sinking fund at intervals, to be determined by ordinance or ordinances adopted prior to the issuance of the bonds, for (a) the interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or if all bonds mature at one time, the proper maintenance of a sinking fund sufficient for the payment thereof at such time; and (d) a margin for safety and for the payment of premium upon bonds retired by call or purchase as herein provided, which margin, together with unused surplus of such margin carried forward from the preceding year and the amounts set aside as reserves out of the proceeds from the sale of the bonds, or from the revenues of said works, or from both, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenues of the works. Prior to the issuance of the bonds, the board may, by ordinance or ordinances, be given the right to use or direct the trustee or the state sinking fund commission to use such sinking fund, or any part thereof, in the purchase of any of the outstanding bonds payable therefrom, at the market prices thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled, and shall not again be issued. After the payments into the sinking fund as herein required and after reserving an amount deemed by the board sufficient for repair (including replacements), maintenance and operation for an ensuing period of not less than twelve months and for depreciation, the board may at any time in its discretion transfer all or any part of the balance of the net revenues into the sinking fund or into a fund for improvement, renovation, extension, enlargement, increase or equipment for or to the works, or the governing body or bodies may, notwithstanding the provisions of section twenty, article thirteen of this chapter, transfer all or any part of the balance of the net revenues to the

general or any special fund of the municipality or municipalities and use such revenues for any purpose for which such general or special fund may be expended.

All amounts for the sinking fund and interest, as and when set apart for the payment of same, shall be remitted to the state sinking fund commission at such periods as shall be designated in the ordinance or ordinances, but in any event at least thirty days previous to the time interest or principal payments become due, to be retained and paid out by said commission consistent with the provisions of this article and the ordinance or ordinances pursuant to which such bonds have been issued. The state sinking fund commission is hereby authorized to act as fiscal agent for the administration of such sinking fund under any ordinance or ordinances passed or adopted pursuant to the provisions of this article and shall invest all sinking funds as provided by general law.

Acts 1935, c. 68, § 16; Acts 1969, c. 86; Acts 1971, c. 99; Acts 1973, c. 89.

Library References

Key Numbers

Municipal Corporations ⇐951.
Westlaw Key Number Search: 268k951.

Encyclopedias

C.J.S. Municipal Corporations §§ 1704 to 1705.

Notes of Decisions

In general 1

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1. In general

City of Charleston was not authorized to transfer to general fund any monies in parking system revenue fund until all bonds and indebtedness in connection with parking system had been fully paid off and discharged. Code, §§ 8-13-20, 8-16-17, 8-16-20. State ex rel. City of Charleston v. Hutchinson, 1970, 176 S.E.2d 691, 154 W.Va. 585, rehearing denied. Municipal Corporations ⇐ 887

Where enabling act specified purposes for which revenue from operation of municipal parking system could be used, maxim expressio unius est exclusio alterius was applicable. Code, § 8-16-17. State ex rel. City of Charleston v. Hutchinson, 1970, 176 S.E.2d 691, 154 W.Va. 585, rehearing denied. Statutes ⇐ 195

PART VI—IMPOSITION OF RATES OR CHARGES

§ 8-16-18. Rates, fees or charges for services rendered by works

The governing body shall have plenary power and authority and it shall be its duty, by ordinance, to establish and maintain just and equitable rates, fees or charges for the use and services rendered, or the improvement or protection of property, not to include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways, provided or afforded, by such works, to be paid by the person using the same, receiving the services thereof, or owning the property improved or protected thereby, and may readjust rates, fees or charges from time to time.

When two or more municipalities take joint action under the provisions of this article, the rates, fees or charges shall be established by each participating municipality, with the concurrence of the other participating municipality or

municipalities as to the amount of the rates, fees or charges, and such rates, fees or charges may be the same with respect to each municipality, or they may be different.

Rates, fees or charges heretofore or hereafter established and maintained for the improvement or protection of property, not to include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways, provided or afforded by a municipal flood control system or flood walls, to be paid by the person owning the property improved or protected thereby, shall be collectible and enforceable from the time provided in any such ordinance, any provision of this or any other law to the contrary notwithstanding, if, at such time, such works, though not yet fully completed, are nearing completion and the governing body is reasonably assured that the works will be completed and placed in operation without unreasonable delay.

All rates, fees or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of repair (including replacements), maintenance and operation of the works, and for the payment of the sums herein required to be paid into the sinking fund.Revenues collected pursuant to the provisions of this section are considered the revenues of the works. No such rates, fees or charges shall be established until after a public hearing at which all the users of the works and owners of the property served, or to be served thereby, and others interested, shall have an opportunity to be heard concerning the proposed rates, fees or charges.

After introduction of the proposed ordinance fixing the rates, fees or charges and before the same is finally adopted, notice of such hearing, setting forth the proposed schedule of such rates, fees or charges, shall be given by publishing the same as a Class I-0 legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for the publication shall be such municipality or each such municipality, as the case may be. Said notice shall be published at least five days before the date fixed in such notice for the hearing, which hearing may be adjourned from time to time. No other or further notice to parties in interest shall be required.

After such hearing the ordinance establishing rates, fees or charges, either as originally proposed or introduced, or as modified and amended, shall be adopted and put into effect. A copy of the schedule of such rates, fees and charges so established shall be kept on file in the office of the board having charge of such works, and also in the office of the governing body or bodies, and shall be open to inspection by all parties in interest.

The rates, fees or charges so established for any class of users or property served shall be extended to cover any additional class of users or property thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or adjustment of rates, fees or charges may be made in the same manner as such rates, fees or charges were originally established as provided in this section. The aggregate of the rates, fees or

charges shall always be sufficient for the expenses of repair (including replacements), maintenance and operation, and for the sinking fund payments.

If any rate, fee or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent and reasonable attorney's fees, may be recovered by the board in a civil action in the name of the municipality or municipalities, and in the case of rates, fees or charges due for services rendered, such rates, fees or charges, if not paid when due, may, if the governing body so provide in the ordinance provided for under section seven of this article, constitute a lien upon the premises served by such works, which lien may be foreclosed against such lot, parcel of land or building so served, in accordance with the laws relating to the foreclosure of liens on real property. Upon failure of any person receiving any such service to pay for the same when due, the board may discontinue such service without notice.

Acts 1935, c. 68, § 17; Acts 1949, c. 85; Acts 1967, c. 105; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers

Municipal Corporations ⟹460, 530.
Westlaw Key Number Searches: 268k460; 268k530.

Encyclopedias

C.J.S. Municipal Corporations §§ 1260 to 1266, 1409.

Notes of Decisions

In general 1
Charges 2
Estoppel 5
Lien on land 3
Relief from assessments 4

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1. In general

A municipal special assessment for the cost of street paving laid under statute authorizing municipal authorities to provide for retirement of revenue bonds issued to pay for public works by imposing charges to be paid by persons using the work did not create a "contractual obligation" as against the owners of abutting lots that could be used as a basis of recovery in a notice of motion proceeding. Acts 1935, c. 68; Code 1931, 56-2-6. City of Moundsville v. Brown, 1943, 25 S.E.2d 900, 125 W.Va. 779. Judgment ⟹ 184

Under statute authorizing municipalities to pay for public works by issuing revenue bonds secured by the revenues of such systems, creation and levying of special assessments for the cost of such works is an exercise of the state's taxing power notwithstanding that the cost thereof must be provided by means "other than taxation". Acts 1935, c. 68. City of Moundsville v. Brown, 1943, 25 S.E.2d 900, 125 W.Va. 779. Municipal Corporations ⟹ 406(1)

2. Charges

The word "charges", as used in statute authorizing municipal authorities to provide for retirement of revenue bonds issued to pay for public works by imposing charges to be paid by persons using the work or receiving the services thereof, includes a special assessment against realty. Acts 1935, c. 68, § 17. City of Moundsville v. Brown, 1943, 25 S.E.2d 900, 125 W.Va. 779. Municipal Corporations ⟹ 406(1)

3. Lien on land

The expense of a municipal public work project consisting of paving or repaving a municipal street may be prorated as to land abutting thereon, and such pro rata part of the expense may be made a lien on abutting land and a personal obligation of the owner thereof. Acts 1935, c. 68. City of Moundsville v. Brown, 1945, 34 S.E.2d 321, 127 W.Va. 602. Municipal Corporations ⟹ 465

4. Relief from assessments

Irregularities and errors and other like defenses in actions of city council connected with authorization of public works project, the construction thereof, and establishment of rates and charges thereunder could not be resorted to by property owners for relief against assessments after improvements had been made. Acts 1935, c. 68, §§ 6, 17. City of Moundsville

v. Brown, 1945, 34 S.E.2d 321, 127 W.Va. 602. Municipal Corporations ⚷ 319

5. Estoppel

Where property owners did not exercise opportunity to test validity of ordinance authorizing municipal public works or ordinance fixing rates and charges but stood by and permitted revenue bonds to be issued and sold, improvements to be made, and proceeds of bonds to be expended in payment thereof, without protest or objection, in suit by municipality to recover assessments, owners could be heard only on matters which if established would render either proceedings having to do with construction of work or those establishing the rates absolutely void. Acts 1935, c. 68, §§ 6, 17. City of Moundsville v. Brown, 1945, 34 S.E.2d 321, 127 W.Va. 602. Municipal Corporations ⚷ 562(1)

§ 8–16–18a. Pledge of the hotel occupancy tax; contribution of revenues to building commission

In addition to the rates or charges authorized to be pledged and expended for the security and payment of bonds as provided in this article, the governing body issuing such bonds shall have plenary power and authority to pledge and expend for the security and payment of such bonds all, or any part, of the revenues which are derived from the hotel occupancy tax which a municipality may impose pursuant to section three, article thirteen of this chapter and which are specifically dedicated by such governing body for any purpose or purposes set forth in section three, article thirteen of this chapter. All such sums which are so pledged shall be deemed "revenues of the works" for all purposes of the provisions of this article. The governing body shall also have the power and authority to contribute all, or any part of, the revenues derived from said hotel occupancy tax to a building commission created by such governing body pursuant to article thirty-three, chapter eight of this code for such lawful purposes which such building commission shall determine and which are set forth in section three, article thirteen of this chapter, including payment of revenue bonds issued by such building commission.

Acts 1976, c. 82.

Library References

Key Numbers
Municipal Corporations ⚷919.
Westlaw Key Number Search: 268k919.

Encyclopedias
C.J.S. Municipal Corporations § 1661.

§ 8–16–19. Appeal to public service commission from rates fixed

If any party in interest is dissatisfied with the rates fixed under the provisions of the immediately preceding section of this article, such party shall have the right to appeal to the public service commission at any time within thirty days after the fixing of such rates by the governing body, but the rates so fixed by the governing body shall remain in full force and effect, until set aside, altered or amended by the public service commission.

Acts 1935, c. 68, § 18; Acts 1969, c. 86.

Library References

Key Numbers
Public Utilities ⚷146.
Westlaw Key Number Search: 317Ak146.

Encyclopedias
C.J.S. Public Utilities § 66.

PART VII—ACCOUNTING SYSTEM AND RECORDS

§ 8-16-20. Accounting system; yearly audit; custodian of funds

Any municipality or municipalities issuing revenue bonds under the provisions of this article shall install and maintain a proper system of accounting, showing the amount of revenues received and the application of the same, and the governing body or bodies shall, at least once a year, cause such accounts to be properly audited by a competent auditor, and the report of such auditor shall be open for inspection at all proper times to any taxpayer or resident of said municipality or municipalities, or person receiving service from said works, or any holder of bonds issued under the provisions of this article, or anyone acting for in behalf of such taxpayer, resident, person or bondholder. The treasurer of such municipality or each such municipality, or other official or institution specifically charged with the duty, shall be the custodian or custodians of the funds derived from income received from said works, and shall give proper bond or bonds for the faithful discharge of his or its or their duties as such custodian or custodians, which bond or bonds shall be fixed and approved by the governing body or bodies. All of the funds received as income from said works under the provisions of this article and all funds received from the sale of revenue bonds issued therefor shall be kept separate and apart from other funds of the municipality or municipalities, and separate accounts shall be maintained for the several items required to be set up by the provisions of section seventeen of this article.

Acts 1935, c. 68, § 19; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⚷885.
Westlaw Key Number Search: 268k885.

Encyclopedias
C.J.S. Municipal Corporations § 1629.

Notes of Decisions

In general 1

1. In general

City of Charleston was not authorized to transfer to general fund any monies in parking system revenue fund until all bonds and indebtedness in connection with parking system had been fully paid off and discharged. Code, §§ 8-13-20, 8-16-17, 8-16-20. State ex rel. City of Charleston v. Hutchinson, 1970, 176 S.E.2d 691, 154 W.Va. 585, rehearing denied. Municipal Corporations ⚷ 887

PART VIII—RATES OR CHARGES FOR MUNICIPALITIES

§ 8-16-21. Governmental entities to pay established rates, fees or charges for services rendered to it or them

(a) The municipality or municipalities issuing such bonds shall be subject to the same rates, fees or charges established as provided in this article, or to rates, fees or charges established in harmony therewith, for service rendered to the municipality or municipalities and shall pay such rates, fees or charges, when due, from corporate funds, and the same shall be considered to be a part

of the revenues of the works as defined in this article, and may be applied as provided in this article, for the application of such revenue.

(b) The municipality or municipalities and any county, state and federal government served by the services of the stormwater system shall be subject to the same rates, fees or charges established as provided in this article for stormwater services, or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity and shall pay such rates, fees or charges, when due, from corporate funds, and the same is considered to be a part of the revenues of the works as defined in this article, and may be applied as provided in this article, for the application of such revenue. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1935, c. 68, § 20; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Key Numbers
Municipal Corporations ⚷715.
Westlaw Key Number Search: 268k715.

Encyclopedias
C.J.S. Municipal Corporations § 1540.

PART IX—LIENS AND PROTECTION OF BONDHOLDERS

§ 8-16-22. Statutory mortgage lien upon works created

There shall be and there is hereby created and granted a statutory mortgage lien upon such municipal public works constructed, reconstructed, established, acquired, improved, renovated, extended, enlarged, increased, equipped or repaired (including replacements) under the provisions of this article, which shall exist in favor of the holder of said bonds, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such municipal public works shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Acts 1935, c. 68, § 22; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⚷950(15).
Westlaw Key Number Search: 268k950(15).

Encyclopedias
C.J.S. Municipal Corporations §§ 1708 to 1709.

Notes of Decisions

In general 1

1. In general

The proceeds of a series of general obligation bonds of city of Grafton issued for purpose of defraying part of expense of completing construction and equipment of a hospital owned by municipality, residue of which expense was paid from sale of revenue bonds could be used for such purpose. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935, c. 68. Warden v. City of

Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⟹ 911

A provision in ordinance of city of Grafton authorizing issuance of series of revenue bonds for completion of hospital building owned by city, which provides that bonds are to be a statutory mortgage lien on hospital when completed and on equipment and future additions thereto, and which pledges all of net profit from hospital for payment of the revenue bonds and interest thereon, is valid. Code 1931, 8–4A–1 et seq., as enacted by Laws 1935, c. 68; 8–4A–22, as added by Laws 1935, c. 68, § 22. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⟹ 917(1)

§ 8–16–23. Acquisition of property on which lien exists

No property shall be acquired under the provisions of this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full.

Acts 1935, c. 68, § 23; Acts 1969, c. 86.

§ 8–16–24. Protection and enforcement of rights of bondholders, etc.; receivership; effect of receivership on lease agreement

Any holder of any such bonds, or any of the coupons attached thereto, and the trustee, if any, except to the extent that the rights herein given may be restricted by the ordinance authorizing the issuance of the bonds or by the trust indenture, may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section twenty-two of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance or trust indenture to be performed by the municipality or municipalities, or by the board or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the works. If there be default in the payment of the principal of or interest upon any of the bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer the works on behalf of the municipality or municipalities, and the bondholders or trustee, or both, except as so restricted, with power to charge and collect rates or charges sufficient to provide for the payment of the expenses of repair (including replacements), maintenance and operation, and also to pay any bonds and interest outstanding, and to apply the income or other revenue in conformity with this article, and the said ordinance or trust indenture, or both, and the power herein provided for the appointment of a receiver and the administration by the court of the works on behalf of the municipality or municipalities, and the bondholders or trustee, or both, shall apply to cases where such works are operated by a lessee of the municipality or municipalities as well as to cases where works are operated by the municipality or municipalities. In case a receiver is appointed for works operated by a lessee of a municipality or municipalities, the lease agreement then existing between the municipality or municipalities and the lessee ipso facto thereby shall be terminated and all property, equipment, bills receivable and assets of every kind, used in connection with the operation of such works, shall pass to the receiver and upon the termination of such receivership, such works,

equipment, property, bills receivable and assets of every kind then in the hands of the receiver thereupon shall pass to the municipality or municipalities.

Acts 1935, c. 68, § 24; Acts 1937, c. 55; Acts 1969, c. 86.

Library References

Key Numbers

Municipal Corporations ⚷955(1).
Westlaw Key Number Search: 268k955(1).

Notes of Decisions

Mandamus 1

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1. Mandamus

Duties of city council in discharging obligations of city under revenue bonds issued for construction of incinerator under act authorizing municipalities to issue revenue bonds for construction or maintenance of a municipal public works, were "administrative" and not "legislative", and therefore mandamus was a proper remedy to compel compliance with the act. Code, 8-4A-1 et seq., 8-4A-24. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Administrative Law And Procedure ⚷ 104

Holders of revenue bonds issued by city for construction of incinerator were not required to request city to comply with statute under which bonds were issued and to collect charges for incinerator service in plain violation of ordinance abolishing such charges, before bondholders could bring mandamus proceedings, since such requests of the city would be useless. Code, 8-4A-1 et seq. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Mandamus ⚷ 14(1)

Holders of revenue bonds issued by city for construction of incinerator were not barred from relief by mandamus to compel city to make charges for garbage collections on ground of delay or acquiescence in city's failure to make charges for garbage collections, where there was no alteration in position by the city because of such acquiescence or delay. Code, 8-4A-1 et seq. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Mandamus ⚷ 15

Mere payment of interest due on revenue bonds issued by city for construction of incinerator did not charge bondholders with knowledge that payments were being made from general revenue rather than from revenue from collection of garbage, and did not prevent bondholders from maintaining mandamus proceedings to compel city to comply with act under which bonds were issued, and to make charges for garbage collection. Code, 8-4A-1 et seq. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Mandamus ⚷ 15

Default by city in payment of interest charges or principal on bonds issued for construction of incinerator, was not first required to be shown before mandamus would lie to compel compliance by city with act under which the bonds were issued, in view of provision of the act with reference to future payment of principal by accumulation of a sinking fund which largely affected the market value of the bonds. Code, 8-4A-1 et seq. State ex rel. Klostermeyer v. City of Charleston, 1947, 45 S.E.2d 7, 130 W.Va. 490, 175 A.L.R. 637. Mandamus ⚷ 110

PART X—CONSTRUCTION; EXTRATERRITORIAL JURISDICTION

§ 8-16-25. Article confers additional power and authority; extraterritorial jurisdiction

The power and authority herein granted shall be in addition to and not in derogation of any power and authority vested in any municipality under any constitutional, statutory or charter provisions which may now or hereafter be in effect. For all purposes of this article, municipalities shall have jurisdiction for ten miles outside of the corporate limits thereof, except where such zone would overlap with the zone of another municipality, in which event the meridian line of the overlapping zone shall be the dividing line of their respective jurisdic-

tions, except that one municipality shall have jurisdiction within such ten-mile zone and may overlap into the zone of another municipality or municipalities with the consent thereof.

Acts 1935, c. 68, § 25; Acts 1949, c. 86; Acts 1969, c. 86.

Library References

Key Numbers
Municipal Corporations ⚷277.
Westlaw Key Number Search: 268k277.

Notes of Decisions

In general 1

1. In general
The validity of municipal revenue bonds issued by city of Grafton, the proceeds of which were to be used toward completion of hospital owned by city, was not impaired by fact that funds derived from general taxation, or from other sources, also had been, and were to be, used in construction of the hospital. Code 1931, 8-4A-1 et seq., as enacted by Laws 1935 c. 68. Warden v. City of Grafton, 1943, 26 S.E.2d 1, 125 W.Va. 658. Municipal Corporations ⚷ 911

§ 8-16-26. Construction of power and authority conferred

This article shall, without reference to any other statute or charter provision, be deemed full authority for the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, repair (including replacements), maintenance and operation of the works herein provided for, and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional alternative method therefor, and for the financing thereof, and no petition or other or further proceeding in respect to any such project, or to the issuance or sale of bonds under this article, and no publication of any ordinance, notice or proceeding relating to any such project, or to the issuance or sale of such bonds shall be required, except such as are prescribed in this article, any provisions of other statutes of the State to the contrary notwithstanding.

Acts 1935, c. 68, § 26; Acts 1969, c. 86.

§ 8-16-27. Article liberally construed

This article being necessary for the public health, safety and welfare shall be liberally construed to effectuate the purposes thereof.

Acts 1935, c. 68, § 27; Acts 1969, c. 86.

Notes of Decisions

In general 1

1. In general
The Legislature, in enacting Acts 1935, c. 68 as a measure to promote public health, safety and welfare, intended it to have broad scope and wide application to public improvements beneficial to the public health, safety and welfare of municipalities in all sections of the State. State ex rel. Holbert v. Robinson, 1950, 59 S.E.2d 884, 134 W.Va. 524. Automobiles ⚷ 7

§ 8–16–28. Reference to "municipal authorities" or "municipal authority" elsewhere in law to mean "governing body" for the purposes of this article only

In elaboration of the provisions of section eight, article one of this chapter, wherever in this code, in any act, in general law, elsewhere in law, in any charter, in any ordinance, resolution or order, or in any ordinance, resolution or order of a county court, reference is made to the term "municipal authorities" or "municipal authority" within the meaning of the provisions of former article four-a of this chapter, such reference shall henceforth be read, construed and understood to mean "governing body" as that term is used in this article sixteen only.

Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Section
8–17–1. Purp
8–17–2. Defin
8–17–3. Muni
8–17–4. Petiti
8–17–5. Heari mo of p
8–17–6. When P
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8–17–15. Cumu

§ 8–17–1. P

It is hereby enacting this a improvements revenues or in a this chapter. T hereof.

Acts 1953, c. 137;

§ 8–17–2. D

For the purpo

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 8 to 10

2009
Cumulative Annual Pocket Part

Replacing 2008 Pocket Part supplementing 2002 Main Volume

Includes laws through the 2009 Second Extraordinary Session

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§ 8–15–25. Removal, discharge, suspension or reduction in rank or pay; hearing; attorney fees; appeal; reduction in number of members

Notes of Decisions

Just cause 3.5

3.5. Just cause

Firefighter's possession of cocaine provided just cause for city to terminate firefighter's employment; possession of cocaine cast doubt on firefighter's ability to perform the tasks inherent to his employment, which directly affected the rights and interests of the public. Giannini v. Firemen's Civil Service Com'n of City of Huntington, 2006, 640 S.E.2d 122, 220 W.Va. 59. Municipal Corporations ⟹ 198(2)

ARTICLE 15A

STANDARDS FOR PROFESSIONAL FIREFIGHTERS TRAINING; REGISTERED APPRENTICESHIP AND CERTIFICATION

§ 8–15A–1. Definitions

United States Code Annotated

Fire prevention and control, see 15 U.S.C.A. § 2201 et seq.

ARTICLE 16

MUNICIPAL PUBLIC WORKS; REVENUE BOND FINANCING

Part VII—Accounting System and Records.

Section
8–16–20. Accounting system; yearly audit; custodian of funds.

Part VII—Accounting System and Records

§ 8–16–20. Accounting system; yearly audit; custodian of funds

Any municipality or municipalities issuing revenue bonds under the provisions of this article shall install and maintain a proper system of accounting, showing the amount of revenues received and the application of the same, and the governing body or bodies shall, at least once a year, cause such accounts to be properly audited by a competent auditor, and the report of such auditor shall be open for inspection at all proper times to any taxpayer or resident of said municipality or municipalities, or person receiving service from said works, or any holder of bonds issued under the provisions of this article, or anyone acting for and in behalf of such taxpayer, resident, person or bondholder. The treasurer of such municipality or each such municipality, or other official or institution specifically charged with the duty, shall be the custodian or custodians of the funds derived from income received from said works, and shall give proper bond or bonds for the faithful discharge of his or its or their duties as such custodian or custodians, which bond or bonds shall be fixed and approved by the governing body or bodies. All of the funds received as income from said works under the provisions of this article and all funds received from the sale of revenue bonds issued therefor shall be kept separate and apart from other funds of the municipality or municipalities, and separate accounts shall be maintained for the several items required to be set up by the provisions of section seventeen of this article.

Acts 1935, c. 68, § 19; Acts 1969, c. 86.

Part X—Construction; Extraterritorial Jurisdiction

§ 8–16–25. Article confers additional power and authority; extraterritorial jurisdiction

Law Review and Journal Commentaries

This Land is Whose Land? The Feasibility of Extraterritorial Jurisdiction in West Virginia's Land Use Planning Laws. Lori Schwartzmiller, 109 W. Va. L. Rev. 929 (Spring, 2007).

ARTICLE 18

ASSESSMENTS TO IMPROVE STREETS, SIDEWALKS AND SEWERS; SEWER CONNECTIONS AND BOARD OF HEALTH; ENFORCEMENT OF DUTY TO PAY FOR SERVICE

Part XII—Connection to Sewers; Board of Health; Enforcement of Duty to Pay for Service.

Section
8–18–22. Connection to sewers; board of health; penalty.

Part I—Power and Authority to Make Improvements

§ 8–18–1. Power and authority of municipalities relating to street, sidewalk, sewer and other permanent improvements

Notes of Decisions

2. In general

A municipal corporation may use revenue sharing funds to pay that portion of the cost of the improvements to city streets not funded by special assessment. 55 W.Va. Op.Atty.Gen. 180 (November 5, 1973) 1973 WL 159172.

6. Liability of abutting landowners, generally

A County school board must pay municipal paving assessments assessed against its property, if benefited, including undivided interest thereof. 51 W.Va. Op.Atty.Gen. 588 (November 24, 1965) 1965 WL 92496.

Municipalities may not assess any municipal street cost against abutting property lying wholly outside municipality. 51 W.Va. Op.Atty.Gen. 13 (July 24, 1964) 1964 WL 72571.

Part III—Apportionment in Making Assessments

§ 8–18–9. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid

Notes of Decisions

County-owned property 2

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1. State-owned property

State agency must pay its share of municipal paving costs of streets abutting State property. 51 W.Va. Op.Atty.Gen. 432 (August 19, 1965) 1965 WL 92466.

2. County-owned property

A County school board must pay municipal paving assessments assessed against its property, if benefited, including undivided interest thereof. 51 W.Va. Op.Atty.Gen. 588 (November 24, 1965) 1965 WL 92496.

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
$2,225,000 SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED) AND
$55,000 SERIES 2010B (TAXABLE)

CERTIFICATE OF UNDERWRITER

The undersigned hereby certifies the following as of the date of this certificate, relating to the sale and delivery of the above-captioned bonds (the "Series 2010A Bonds" and the "Series 2010B Bonds," respectively and, together, the "Series 2010 Bonds") by the Charleston Building Commission (the "Issuer").

1. The Series 2010 Bonds have been purchased for reoffering by, and are being delivered on this date to Crews & Associates, Inc. (the "Underwriter"). The Series 2010 Bonds have been reoffered, and a substantial amount (at least 10 percent of each maturity) thereof sold to purchasers other than bond houses, brokers or other intermediaries at initial offering prices (net of accrued interest) not exceeding the respective prices of or, in the case of obligations sold on a yield basis, at yields (net of accrued interest) no lower than the respective yields on the Series 2010 Bonds set forth on the cover of the Official Statement, dated February 18, 2010, relating to the Series 2010 Bonds. The Initial Offering Price of the Series 2010A Bonds is $2,213,505.30, and the Initial Offering Price of the Series 2010B Bonds is $55,000.

2. The undersigned certifies that, calculated in the manner provided by the Code and the Regulations thereunder, and on the basis of the Issue Price, the Yield on the Series 2010A Bonds is 4.0948936% per annum. The foregoing yield refers to the discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on the Series 2010A Bonds, produces an amount equal to the Issue Price of the Series 2010A Bonds. The calculation of the foregoing yield is made on the basis of semi-annual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semi-annual interest period ending June 1 and December 1. The calculation of the foregoing yield has been made assuming no optional redemption of the Series 2010A Bonds prior to the maturity date thereof.

3. The undersigned certifies that, calculated in the manner provided by the Code and the Regulations thereunder, the weighted average maturity of the Series 2010A Bonds is 8.349 years.

4. The CUSIP Number assigned to the final maturity of the Issuer is 160506 AV3.

5. To the best of the knowledge and belief of the undersigned, no other

governmental obligations are being issued by the Issuer, or any related entity, at substantially the same time and pursuant to a common plan of financing and which will be paid out of substantially the same source of funds or which will have substantially the same claim to be paid out of substantially the same source of funds as the Series 2010A Bonds except for the Series 2010B Bonds or which will be paid directly or indirectly from proceeds derived from the sale of the Series 2010A Bonds.

6. To the best knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations set forth herein, and in the Tax and No-Arbitrage Certificate of the Issuer, and said expectations are reasonable.

WITNESS my signature on this 25th day of February, 2010.

CREWS & ASSOCIATES, INC.

By: _____

Its: Senior Managing Director

Herman & Cormany
Certified Public Accountants, A.C.

Accountants & Consultants

February 25, 2010

Charleston Building Commission
815 Quarrier Street, Suite 244
Charleston, WV 25301

Jackson Kelly PLLC
P.O. Box 553
Charleston, West Virginia 25322

Crews & Associates, Inc.
P.O. Box 2764
Charleston, West Virginia 25330-2764

CHARLESTON BUILDING COMMISSION
LEASE-REVENUE REFUNDING BONDS
(CENTER FOR ARTS AND SCIENCES OF WEST VIRGINIA PROJECT),
$2,225,000 SERIES 2010A (TAX-EXEMPT - BANK QUALIFIED) AND
$55,000 SERIES 2010B (TAXABLE)

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANT

The undersigned hereby certifies as follows:

1. I am a certified public accountant licensed to practice in the State of West Virginia and independent from the Charleston Building Commission (the "Issuer").

2. Attached as Exhibit A and incorporated herein by reference is a schedule reflecting the debt service on the Issuer's Lease-Revenue Bonds (Center for Arts and Sciences of West Virginia), Series 1999 (the "Prior Bonds"); attached as Exhibit B and incorporated herein by reference is a schedule reflecting the debt service on the Issuer's Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010A (Tax-Exempt – Bank Qualified) and Series 2010B (Taxable) (together, the "Series 2010 Bonds"); and attached as Exhibit C and incorporated herein by reference is a schedule showing the net savings to the Issuer from the refunding. These debt service schedules were based on the principal and interest schedules of the respective bond issues.

1031 Quarrier Street, Suite 511 • Charleston, WV 25301-2397 • (304) 345-2320 • (304) 345-2325 fax
www.herman-cormanycpas.com

CPA

3. Based on my review, comparison and analysis of the net interest costs in dollars of the Prior Bonds and the Series 2010 Bonds and based on the anticipated sale of the Series 2010 Bonds to Crews & Associates, Inc., pursuant to a Bond Purchase Agreement, the issuance of the Series 2010 Bonds will result in a net interest savings to the Issuer after deducting the expenses of the refunding. For purposes of this computation, net interest cost has been assumed to be the total of interest to accrue on the Series 2010 Bonds from their date of issuance to their date of maturity and the total amount of interest which would accrue on the Prior Bonds from their date of issuance to their date of maturity, if not refunded.

WITNESS my signature this 25th day of February, 2010.

Herman & Cormany, CPAs

CHARLESTON BUILDING COMMISSION
CASE Project
Refunding Revenue Bonds, Series 2010A and 2010B

DTC FAST CLOSING
Thursday, February 25, 2010

SOURCES:		
Par Amount - Series 2010A		2,225,000.00
Par Amount - Series 2010B		55,000.00
Prior Issue Debt Service Funds		88,564.53
Original Issue Discount		(11,494.70)
TOTAL SOURCES OF FUNDS		2,357,069.83
USES:		
Deposit to Current Refunding Fund		2,259,971.26
Underwriters Discount		57,000.00
Costs of Issuance and Rounding:		
Bond Counsel - Jackson Kelly	20,000.00	
Underwriter's Counsel - Steptoe & Johnson	13,500.00	
Issuer's Counsel - Steve White	2,500.00	
Registrar - Annual	1,500.00	
Registrar - Acceptance	500.00	
Printing/Shipping - Westerfield Bonte	1,698.00	
CPA - Herman and Cormany	400.00	
	40,098.00	
Total COI and Rounding		37,500.00
Rounding		2,598.57
TOTAL USES OF FUNDS		2,357,069.83

0.00 Balance Test

CONTACTS:

BONY (#_____)
thomas.vlahakis@bnymellon.com
973-247-4742 Tel

Charleston
David Molgaard
304-348-8014

DTC
212-855-3752 Tel
212-855-3753 Tel
212-855-3754 Tel

Crews BD# 5158

WIRE INSTRUCTIONS: February 25, 2010

From: Crews & Associates, Inc. → To: BONY

Escrow Fund (_____)	2,171,406.73	Bank:	The Bank of New York Mellon
COI Fund (_____)	37,500.00	ABA#:	021-000-018
Rounding (_____)	2,598.57	GLA #:	111-565
		Acct #:	393768
Total Transfer:	2,211,505.30	Acct Name:	Charleston Building CASE A & B Series 2010 Bond Fund
		Attn:	Thomas Vlahakis

OTHER INSTRUCTIONS:

Bank of New York →
1 - Send Redemption Notice on February 26, 2010
2 - Series 1999 Bonds Redeemed on March 29, 2010

Crews & Associates, Inc. →
1 - Copy Redemption Notice to EMMA
2 - Copy Redemption Notice to DTC