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THE CITY OF WHEELING, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

DATE OF CLOSING: SEPTEMBER 26, 2006

BONDS TRANSCRIPT

VOLUME 1 OF 2

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THE CITY OF WHEELING, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A

DATE OF CLOSING: September 26, 2006

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THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A

BOND ORDINANCE

THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A

BOND ORDINANCE

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THE CITY OF WHEELING
(WEST VIRGINIA)

CONFORMED ORDINANCE

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue revenue bonds for the purpose of financing the acquisition and construction of extensions, additions, betterments and improvements to the System;

WHEREAS, pursuant to the Act, the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon;

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the inhabitants of The City of Wheeling and other users of the System to currently refund the Issuer's outstanding Series 2003 A Bonds;

WHEREAS, the Issuer has determined and hereby determines that the acquisition and construction of certain extensions, additions, betterments and improvements to the System, which includes the acquisition and construction of upgrades to the existing water distribution system, specifically including, but not limited to, replacement of deteriorated water lines and improvement of the Wheeling Park booster station and the Supervisory Control and Data Acquisition System, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of The City of Wheeling and surrounding areas;

WHEREAS, the Issuer has determined and hereby determines that the aforementioned refunding of the Series 2003 A Bonds and acquisition and construction of extensions, additions, betterments and improvements to the System should be financed with the proceeds from the issuance of the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, in the original aggregate principal amount of not more than $14,000,000 (the "Series 2006 A Bonds"), such Series 2006 A Bonds to be secured by and payable from the Gross Revenues (as hereinafter defined) of the System.

WHEREAS, the Issuer has determined and hereby determines that it is in the best interests of the residents of The City of Wheeling that its Series 2006 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF WHEELING:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2006 A Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds, in substantially the form set forth in EXHIBIT A - FORM OF SERIES 2006 A BOND attached hereto.

"City" or "Issuer" means The City of Wheeling, a municipal corporation and political subdivision of the State of West Virginia, in Ohio and Marshall counties thereof, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means, collectively, Burgess & Niple, Inc., Parkersburg, West Virginia, and Gannett Fleming, Inc., Harrisburg, Pennsylvania, or any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs described in Section 1.03C.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

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

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

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

"Depreciation Fund" means the Depreciation Fund established by the Prior Ordinances and continued hereby.

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

"DTC-eligible" means, with respect to the Series 2006 A Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Governing Body" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, provided that, "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments) or any Tap Fees, as hereafter defined.

"Independent Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Series 2006 A Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the current Mayor of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 2006 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 A Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of Gross Revenues remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

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

"Original Purchaser" means Ferris, Baker Watts, Charleston, West Virginia as the purchaser of the Series 2006 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of said Series 2006 A Bonds.

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

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" shall mean, collectively, the Series 2005 A Bonds and the Series 1997 Bonds.

"Prior Ordinances" shall have the meaning set forth in the recitals hereto.

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

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, specifically including, but not limited to, the construction of upgrades to the distribution system, which shall include the replacement of deteriorated water lines, improvements to the Wheeling Park booster pumping station and improvements to the Supervisory Control and Data Acquisition System, and all necessary appurtenances.

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

"Rebate Fund" means the Rebate Fund established by the Prior Ordinances and continued hereby.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2006 A Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2006 A Bonds and the Prior Bonds.

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

"Series 1997 Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000.

"Series 2003 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000.

"Series 2005 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 4.01 hereof.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account established by Section 4.02 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2006 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 A Bonds.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2006 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and authorizing the sale of the Series 2006 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"System" means, the complete existing public municipal combined waterworks and sewerage system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"Term Bonds" means Series 2006 A Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

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

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

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

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

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

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

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Marshall and Ohio Counties of said State.

B. The Issuer now owns and operates the System. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed the Project, as defined in Section 1.01 hereof, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

C. The design of the Project was financed in part by the proceeds of prior bond issues of the Issuer, of which there is presently outstanding the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000, of which approximately $393,893 is presently outstanding (the "Series 2003 A Bonds").

D. The Issuer has determined and hereby determines that it is in the best interest of the residents of the Issuer and other users of the System to currently refund the Series 2003 A Bonds.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, in the original aggregate principal amount of not more than $14,000,000, to pay the principal of and accrued interest on the Issuer's Series 2003 A Bonds and to finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2006 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrar's, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2006 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as defined herein.

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

G. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a Bond Purchase Agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by the Supplemental Resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2006 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances.

Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) the certificate of an Independent Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Series 2005 A Bonds to the issuance of the Series 2006 A Bonds on a parity with such Bonds. The written consent of the Holders of the Series 1997 Bonds to the issuance of the Series 2006 A Bonds on a parity with such Bonds is not required by the Prior Ordinances.

I. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. The Issuer intends to issue the Series 2006 A Bonds and to pledge for payment thereof, the Gross Revenues of the System. Upon issuance of the Series 2006 A Bonds, the Series 2006 A Bonds will be secured by a first lien on the Gross Revenues of the System, on a parity with the Prior Bonds.

J. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for repair, maintenance and operation of the System, the payment of interest on the Series 2006 A Bonds and the Prior Bonds, to create sinking funds, as hereinafter provided, to pay the principal on the Series 2006 A Bonds and the Prior Bonds as and when it becomes due, to provide for reasonable reserves therefor, to provide an adequate depreciation fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

K. The Series 2006 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2006 A BOND FORM, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

L. All things necessary to make the Series 2006 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds or commitments pledged hereby to the payment of the principal of and interest on the Series 2006 A Bonds will be timely done and duly performed.

M. The enactment of this Ordinance, and the execution and issuance of the Series 2006 A Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

N. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the West Virginia Public Service Commission by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2006 A Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2006 A Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Holders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2006 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2006 A Bond and any other Series 2006 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING; AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Refunding . All Series 2003 A Bonds Outstanding as of the date of issuance of the Series 2006 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Gross Revenues in favor of the Holders of the Series 2003 A Bonds imposed by the Prior Ordinance authorizing the issuance of the Series 2003 A Bonds, the monies in the funds and accounts created by the Prior Ordinances pledged to payment of the Series 2003 A Bonds, and any other funds pledged by the Prior Ordinances to payment of the Series 2003 A Bonds are hereby ordered terminated, discharged and released upon such payment to the Holder of the Series 2003 A Bonds. Contemporaneously with the payment in full of the Series 2003 A Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 2003 A Bonds, shall be released from the lien created by the Prior Ordinance authorizing the issuance of the Series 2003 A Bonds.

Section 2.02. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not more than $14,000,000. The proceeds of the Series 2006 A Bonds hereby authorized shall be applied as provided herein. The cost of the Project is estimated not to exceed $14,000,000 of which the entire amount will be obtained from proceeds of the Series 2006 A Bonds.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Series 2006 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2006 A Bonds issued pursuant to this Ordinance after the issuance of the Series 2006 A Bonds, as hereinafter provided, may be issued only as fully registered Series 2006 A Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Series 2006 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2006 A Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2006 A Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2006 A Bonds shall be in default, Series 2006 A Bonds issued in exchange for Series 2006 A Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2006 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2006 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2006 A Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Series 2006 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2006 A Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2006 A Bond in the principal amount of said Series 2006 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the City Manager and the Mayor, by their manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such

Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2006 A Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2006 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A - FORM OF SERIES 2006 A BOND attached hereto and incorporated herein by reference with respect to such respective Series 2006 A Bond, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Series 2006 A Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2006 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2006 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2006 A Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Series 2006 A Bonds, shall be conclusively deemed to have agreed that such Series 2006 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Series 2006 A Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2006 A Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2006 A Bonds. The Series 2006 A Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2006 A Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2006 A Bonds may at the

option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2006 A Bond is exercised, Series 2006 A Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2006 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2006 A Bonds, the initial exchange of Series 2006 A Bonds and exchanges of such Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2006 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of such Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2006 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Holder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2006 A Bonds pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2006 A Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 2006 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Series 2006 A Bonds Redemption Account payment

designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, if any, the Original Purchaser, and the registered owner of the Series 2006 A Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Series 2006 A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

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

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

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

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2006 A Bonds or portions of such Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Series 2006 A Bonds or portions of such Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2006 A

Bonds or portions of such Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2006 A Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Authorization of Series 2006 A Bonds. For the purposes of paying in full the entire outstanding principal of and all accrued interest on the Series 2003 A Bonds, paying the costs of acquisition and construction of extensions, additions, betterments and improvements to the System, funding the Series 2006 A Bonds Reserve Account and paying costs of issuance of the Series 2006 A Bonds and related costs, there shall be issued the Series 2006 A Bonds of the Issuer, in an aggregate principal amount of not more than $14,000,000. The Series 2006 A Bonds shall be designated "The City of Wheeling (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may

be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2006 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2006 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2006 A Bonds. The Series 2006 A Bonds (if purchased by the Original Purchaser) shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2006 A Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2006 A Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2006 A Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2006 A Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2006 A Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar

as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2006 A Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2006 A Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2006 A Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2006 A Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2006 A Bonds shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2006 A Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2006 A Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2006 A Bonds.

The Issuer shall execute and deliver the Series 2006 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2006 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 A Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion of Bond Counsel regarding the Series 2006 A Bonds; and

(5) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2006 A Bonds. The definitive Series 2006 A Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2006 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2006 A Bonds. Upon the issuance and delivery of the Series 2006 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2006 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 A Bonds Sinking Fund and applied to payment of interest on the Series 2006 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2006 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2006 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2006 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2003 A Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 2003 A Bonds in full.

4. The amount of Series 2006 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2006 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2006 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 A Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2006 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 A Bonds from which such proceeds are derived.

5. The balance of Series 2006 A Bonds proceeds, if any, shall be deposited in the Series 2006 A Bonds Construction Trust Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2006 A Bonds Construction Trust Fund.

Disbursements from the Series 2006 A Bonds Construction Trust Fund, except for payment of Costs of Issuance of the Series 2006 A Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided herein:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Costs of Issuance Fund;

(5) Rebate Fund (established by the Prior Ordinances); and

(6) Series 2006 A Bonds Construction Trust Fund;

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided herein:

(1) Series 2006 A Bonds Sinking Fund;

(a) Within the Series 2006 A Bonds Sinking Fund:

(i) Series 2006 A Bonds Reserve Account; and

(ii) Series 2006 A Bonds Redemption Account.

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

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund

shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund and in the Series 2006 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1

month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

Moneys in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2006 A Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2006 A Bonds Reserve Account Requirement. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2006 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2006 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank for deposit into the Operation and Maintenance Fund the amount necessary to pay the current Operating Expenses of the System.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit

to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2006 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 A Bonds Reserve Account below the Series 2006 A Bonds Reserve Requirement or any withdrawal from the Series 2006 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 A Bonds Reserve Account is less than the Series 2006 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 A Bonds Reserve Account for deposit into the Series 2006 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 A Bonds Reserve Account to an amount equal to the Series 2006 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2006 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2006 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2006 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2006 A Bonds Reserve Requirement.

Amounts in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 A Bonds when due, when amounts in the Series 2006 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Depreciation Fund a sum equal to not less than 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in any Reserve Account (so that the amount on deposit therein is at least equal to the applicable Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Funds (including the Reserve Accounts);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System; and

(d) Upon resolution of the Issuer, moneys in the Depreciation Fund in excess of $1,000,000 may be transferred by the Issuer to the Redemption Account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

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

foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Gross Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2006 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE CERTIFICATE

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

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

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Depreciation Fund or the Series 2006 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2006 A Bonds Reserve Account to the Series 2006 A Bonds Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in the Series 2006 A Bonds Reserve Account an amount at least equal to the Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 A Bonds Reserve Account, whereupon it shall be valued immediately after such

withdrawal. If amounts on deposit in the Series 2006 A Bonds Reserve Account shall, at any time, be less than the Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Series 2006 A Bonds Sinking Fund and otherwise in accordance with Section 4.03.

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

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the Code of West Virginia, 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 A Bonds in such manner and to such extent as may be necessary, so that such Series 2006 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2006 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate, Rebates and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or

account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Certificate. The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 A Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2006 A Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account therein and the unexpended proceeds of the Series 2006 A Bonds, all as herein provided. No Holder or Holders of the Series 2006 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 6.03. Series 2006 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2006 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, and all moneys in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A Bonds herein authorized, and to make the payments into the Series 2006 A Bonds Sinking Fund, all moneys and securities in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2006 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or

schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) so long as the Series 2005 A Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in this Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. Additionally, so long as the Series 2006 A Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, or to defease the pledge created by this Ordinance and the Prior Ordinances. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the respective Sinking Funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $100,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $100,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $100,000 and not in excess of $200,000, shall be deposited by the Issuer into the Depreciation Fund. Such payments of such proceeds into the Depreciation Fund or the Redemption Account shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2006 A Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2006 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2006 A Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the Prior Bonds, or to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the increased

annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 1997 Bonds are no longer outstanding and the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% of Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2006 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2006 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2006 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Depreciation Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 6.09. Insurance and Bonds. So long as the Prior Bonds are outstanding, the Issuer shall procure, carry and maintain insurance and bonds and workers' compensation coverage pursuant to the provisions of the Prior Ordinances. To the extent the provisions of the Prior Ordinances and this Ordinance are in conflict, the Issuer shall comply with the more stringent requirement. The Issuer hereby covenants and agrees, that so long as the Series 2006 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Depreciation Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. Mandatory Sewer Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Holder of Bonds requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

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

Section 6.15. Operating Budget. So long as the Series 1997 Bonds are outstanding, the Issuer shall comply with the requirements of the ordinance authorizing the Series 1997 Bonds. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Section 6.16. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2006 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of such Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System,

or if the Series 2006 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2006 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.17. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon the issuance of the Series 2006 A Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 2006 A Bonds from the Bond Insurer. Certain additional covenants of the Issuer, which shall be set forth in full in the Supplemental Resolution, are required by the Bond Insurer as a condition to insuring the Series 2006 A Bonds, shall apply to the Series 2006 A Bonds and any other Bonds which may be insured by the Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Report of Consulting Engineers. So long as the Series 1997 Bonds are outstanding, the Issuer shall, at least once each year retain recognized qualified independent Consulting Engineers to review the operation, maintenance and repair of the System and to report to the Issuer in writing their recommendations and comments pertaining to the System, including the rate coverage of the System for the Fiscal Year. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available, upon

request, to the Original Purchaser, any Bond Insurer and any Bondholder. Upon the payment of the Series 1997 Bonds, such report shall not be required.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

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

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

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Holder of any Bond or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Bonds;

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Holders 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 Holders hereunder or now or hereafter existing at law or by statute.

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

No waiver of any default or Event of Default hereunder by the Holders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Holder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2006 A Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2006 A Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

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

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

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2006 A Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Series 2006 A Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2006 A Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2006 A Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Fiduciaries from time to time reasonable compensation for all services, including the transfer of registration of Series 2006 A Bonds, the first exchange of Series 2006 A Bonds and the exchange of Series 2006 A Bonds in the event of partial redemption, incurred in the performance of their duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2006 A Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders or effect or aid in any reorganization growing out of the enforcement of the Series 2006 A Bonds or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2006 A Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Holder in the event all Series 2006 A Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2006 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Holders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2006 A Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Holders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Holders. The Issuer shall publish in an Authorized Newspaper (or mail to each Holder in the event all Series 2006 A Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Holders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Holder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2006 A Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Series 2006 A Bonds so authenticated, and, in case any Series 2006 A Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Series 2006 A Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2006 A Bonds shall be and remain DTC-eligible.

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2006 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2006 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2006 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Holder or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2006 A Bonds, provided that, in the event any of the Series 2006 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2006 A Bonds or the rights of the applicable Bond Insurer for such Series 2006 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 A Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2006 A Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Holders and Ownership of Series 2006 A Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is

signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2006 A Bonds held by a person executing any instrument as a Holder, the date of his holding such Series 2006 A Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Series 2006 A Bonds. All Series 2006 A Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Series 2006 A Bonds shall be deemed Outstanding under this Ordinance and no Series 2006 A Bonds shall be issued in lieu thereof. All such Series 2006 A Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Series 2006 A Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2006 A Bonds which remain unclaimed for 1 year after the date on which such Series 2006 A Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Series 2006 Bonds shall look only to the Issuer for the payment of such Series 2006 Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Series 2006 Bonds is a coupon Bond

the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

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

CITY

The City of Wheeling
City County Building
1500 Chapline Street
Wheeling, West Virginia 26003
Attention: Mayor

REGISTRAR AND PAYING AGENT

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASER

Ferris, Baker Watts, Inc.
100 Laidley Tower
500 Lee Street
Charleston, West Virginia 25301

BOND INSURER

[Name and address
to be set forth in the
Supplemental Resolution]

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

Section 10.07. No Personal Liability. No member of the Council 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 Series 2006 A Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2006 A Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2006 A Bonds and the Original Purchaser.

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

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the City Manager, Mayor, City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council to contain sufficient information to give notice of the contents of such Ordinance, published once each

week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in The Intelligencer, a newspaper published and having a general circulation in The City of Wheeling, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Council of the Issuer at the public hearing to be had at a public meeting of the Council on July 5, 2006, at 7:30 p.m., and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

First Reading:	June 6, 2006
Second Reading:	June 21, 2006
Passed on Final Reading Following Public Hearing:	July 5, 2006

Section 10.15. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 5th day of July, 2006.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of THE CITY OF WHEELING at a regular meeting of the Council held at 7:30 p.m., on July 5, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Wheeling, the first publication having been not less than 10 days prior to such public hearing.

Dated this 26th day of September, 2006.

[SEAL]

Janice L. Jones

City Clerk

EXHIBIT A - SERIES 2006 A BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest

Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Wheeling (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 2006, the proceeds of which are to be used (i) to finance the costs of currently refunding the Issuer's Series 2003 A Bonds, (ii) to finance the costs of acquisition and construction of extensions, additions, betterments and improvements to the combined waterworks and sewerage system of the Issuer, (iii) to fund the Series 2006 A Bonds Reserve Account, and (iv) to pay certain costs of issuance of the Series 2006 A Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on _____, 2006, and supplemented by supplemental resolutions adopted by said Council on _____, 2006, and _____, 2006 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights,

limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Wheeling, West Virginia.

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

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ 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

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

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

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT WITH THE FOLLOWING

OUTSTANDING REVENUE BONDS OF THE ISSUER: (i) THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JANUARY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $20,600,000 (THE "SERIES 1997 BONDS"), AND (ii) THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 3, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $14,500,000 (THE "SERIES 2005 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.

The Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Issuer's outstanding Series 2003 A Bonds, pay costs of acquisition and construction of certain extensions, additions, betterments and improvements to the System, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

All provisions of the Ordinance, and the statutes under which this 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.

IN WITNESS WHEREOF, THE CITY OF WHEELING has caused this Bond to be signed by its City Manager and Mayor, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

(Manual or Facsimile Signature)
City Manger

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

(Form of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

SUPPLEMENTAL PARAMETERS RESOLUTION

RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND APPROVING CERTAIN PARAMETERS RELATING TO THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, AND TERMS OF SUCH BONDS; AUTHORIZING CERTAIN DOCUMENTS RELATING TO THE BONDS; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City of Wheeling (the "Issuer"), in the County of Ohio, State of West Virginia, is a municipal corporation of said State, the governing body of which is this Council;

WHEREAS, this Council duly enacted on July 5, 2006, an ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,

SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, such Ordinance provided for the issuance of the Bonds, for the purposes of (i) refunding the Issuer's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A; (ii) paying costs of acquisition and construction of improvements and betterments to the combined waterworks and sewerage facilities of the Issuer; (iii) funding the Series 2006 A Bonds Reserve Account; and (iv) paying costs of issuance and related costs, all in accordance with the Act;

WHEREAS, the Ordinance further provided that the exact principal amount of the Bonds to be sold and the dates, maturities, interest rates, redemption provisions, price and other terms of the Bonds should be established, a Registrar, Paying Agent and Depository Bank be designated, that a Registrar Agreement be approved, that additional covenants and provisions relating to the Bonds be provided herein, and that other matters pertaining to the Bonds be provided for by a supplemental resolution of this Council;

WHEREAS, the Governing Body wishes to revise the Ordinance and approve a conformed Bond Ordinance (the "Ordinance") in the form attached hereto;

WHEREAS, the Bonds are proposed to be purchased by Ferris, Baker Watts, Incorporated (the "Original Purchaser"), pursuant to a Bond Purchase Agreement for the Bonds between the Original Purchaser and the Issuer (the "Bond Purchase Agreement");

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

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted and that the Bonds be redesignated, a Conformed Bond Ordinance be approved, the Bond Purchase Agreement, the Continuing Disclosure Certificate, and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that certain parameters for the

prices, the maturity dates and amounts, and the interest rates of the Bonds, be fixed herein, all in accordance with said Ordinance;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF WHEELING HEREBY RESOLVES:

Section 1. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds") shall be sold to the Original Purchaser, in the original aggregate principal amount of not to exceed $14,000,000; shall be issued in fully registered form without coupons, in the denominations of $5,000 or integral multiples thereof for any period of maturity; shall be numbered from AR-1 consecutively upward in order of maturity; shall be dated such date, upon original issuance; shall bear interest at rates not to exceed 9.0% per annum, payable semiannually; shall mature in such principal amounts on such dates (with final maturity no later than August 1, 2046); shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance. The Series 2006 A Bonds shall be signed by and on behalf of the City by its Mayor, City Manager and be countersigned by its City Clerk, which signatures may be either manual or facsimile signatures, and the seal of the City or a facsimile thereof shall be affixed to or imprinted thereon, provided that the authentication of the Series 2006 A Bonds shall be manually signed by the Registrar.

Section 2. The Mayor shall have the authority to approve the pricing and other final terms of the Series 2006 A Bonds, including the determination of when and whether to issue the Series 2006 A Bonds and to execute the Bond Purchase Agreement without further Council action or approval.

Section 3. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 4. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2006 A Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 5. The Continuing Disclosure Certificate delivered by the City, to be dated as of the date of delivery of the Series 2006 A Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Continuing Disclosure Certificate with such changes, insertions and

omissions as may be approved by the Mayor. The execution of the Continuing Disclosure Certificate shall be conclusive evidence of any approval required by this Section.

Section 6. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2006 A Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The distribution by the Original Purchaser of a Preliminary Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby approved. The Official Statement to be substantially in the form of the Preliminary Official Statement, (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor) and the distribution of counterparts or copies thereof by the Underwriter are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent for the Bonds.

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

Section 10. The Issuer does hereby appoint and designate United Bank, Inc., Wheeling, West Virginia, as Depository Bank for the Bonds.

Section 11. The firm of Ferris, Baker Watts, Incorporated, Charleston, West Virginia is hereby engaged for the purpose of serving as Underwriter with respect to the Series 2006 A Bonds.

Section 12. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby engaged for the purpose of serving as Bond Counsel with respect to the Series 2006 A Bonds.

Section 13. The notice addresses for the Registrar, Paying Agent, Depository Bank and Original Purchaser shall be as follows:

REGISTRAR

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

DEPOSITORY BANK

United Bank, Inc.
21 Twelfth Street
Wheeling, West Virginia 26003
Attention: Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
Suite 500
8 Capitol Street
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Ferris, Baker Watts, Incorporated
100 Laidley Tower
500 Lee Street
Charleston, West Virginia 25301
Attention: Senior Vice President

Section 14. Proceeds of the Series 2006 A Bonds shall be applied as set forth in the Ordinance. The proceeds of the Series 2006 A Bonds representing accrued interest shall be deposited in the Series 2006 A Bonds Sinking Fund held by the Commission.

Section 15. The Council hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2006 A Bonds or any other funds of the Council to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2006 A Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the City is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the City's compliance with this covenant.

Section 16. Under the provisions of the Act, and as provided in the Ordinance and the Series 2006 A Bonds, the principal of the Series 2006 A Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Gross Revenues derived from the operation of the System of the Issuer and the Series 2006 A Bonds Reserve Account established by the Ordinance, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 2006 A Bonds and the interest thereon.

Section 17. The Mayor, the City Manager, the City Clerk and all other appropriate officers and employees of the City are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Series 2006 A Bonds to the end that the Series 2006 A Bonds may be delivered at the earliest practicable date to the Original Purchaser.

Section 18. The Mayor, the City Manager, the City Clerk, and all other appropriate officers and employees of the City are hereby authorized, empowered and directed to do any and all things proper and necessary to cause the Series 2006 A Bonds to be duly and properly issued by the City and delivered to the Original Purchaser as herein authorized and to otherwise facilitate the transaction contemplated by this Resolution, and no further authority shall be necessary to authorize any such officers or employees to give such further assurance and do such further acts as may be legally required.

Section 19. This Resolution shall take effect immediately upon its adoption.

Adopted this 1st day of August, 2006.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the City Council of the CITY OF WHEELING at a regular meeting of the City Council held at 7:00 p.m., on August 1, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 26th day of September, 2006.

[SEAL]

Janice L Jones

City Clerk

07.29.06
964250.00042

EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

SECOND SUPPLEMENTAL AND AMENDATORY RESOLUTION

RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND APPROVING A COMMITMENT FOR MUNICIPAL BOND INSURANCE FOR THE SERIES 2006 A BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE SERIES 2006 A BONDS FROM FINANCIAL SECURITY ASSURANCE INC.; DESIGNATING A DEPOSITORY BANK FOR THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A; APPROVING AND AUTHORIZING A CERTAIN AMENDMENT TO THE BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City of Wheeling (the "Issuer"), in the County of Ohio, State of West Virginia, is a municipal corporation of said State, the governing body of which is this Council;

WHEREAS, this Council duly enacted a Bond Ordinance on July 5, 2006, and a Supplemental Parameters Resolution on August 1, 2006 (collectively, the "Ordinance"), approving the issuance of the Series 2006 A Bonds;

WHEREAS, the Supplemental Parameters Resolution set forth the Depository Bank for the Series 2006 A Bonds and the Issuer now desires to change the Depository Bank;

WHEREAS, the Issuer desires to designate a Registrar for the Bonds;

WHEREAS, the Issuer hereby desires to amend Section 6.04 of the Ordinance to include the amended coverage language which has been approved by FGIC

from the Series 1997 Ordinance, and to include all other coverage language required by the Prior Ordinances;

WHEREAS, the Issuer has obtained a commitment for Municipal Bond Insurance for the Series 2006 A Bonds from Financial Security Assurance Inc. (the "Bond Insurer") and has determined that it is advantageous for the Issuer to obtain such Municipal Bond Insurance Policy and provide herein for certain matters required by the Bond Insurer as a condition to issuing such Municipal Bond Insurance Policy for the Series 2006 A Bonds;

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

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted, that Section 6.04 of the Ordinance be amended, the Commitment for Municipal Bond Insurance for the Series 2006 A Bonds be approved, the provisions required by the Bond Insurer for the Series 2006 A Bonds as a condition to issuing its Municipal Bond Insurance Policy be provided herein, that the Depository Bank for the Series 2006 A Bonds be changed, that the Registrar be approved, and making other provisions as to the Bonds;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF WHEELING HEREBY RESOLVES:

Section 1. The Issuer hereby consents to the following amendments to Section 6.04 of the Ordinance, as follows, with underlining indicating the revised language:

> Section 6.04. Rates. Prior to the issuance of the Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period

of not more than 12 months, assuming equal payments are made each month; (b) so long as the Series 2005 A Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

Section 2. The Issuer hereby consents to the following amendments to Section 6.08 of the Ordinance, as follows, with underlining indicating the revised language:

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the

Prior Bonds, or to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the increased annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 1997 Bonds are no longer outstanding and the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% of Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2006 A Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2006 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of

any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2006 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Depreciation Fund), and any other payments provided for in this Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Section 3. The Issuer does hereby determine that the Municipal Bond Insurance Policy offered by the Bond Insurer for the Series 2006 A Bonds will result in an interest cost savings for the Issuer in excess of the premium to be paid by the Issuer for such Municipal Bond Insurance Policy, and accordingly accepts the Commitment for Municipal Bond Insurance (the "Commitment") of Financial Security Assurance Inc., dated September 1, 2006. The Mayor and City Manager are hereby authorized and directed to execute the approval of the Commitment and deliver the same to the Bond Insurer. Execution by the Mayor and City Manager of the Commitment shall be conclusive evidence of any approval required by this Section.

Section 4. Pursuant to the Commitment, and, as permitted by Section 6.18 of the Ordinance, the covenants and provisions which are required by the Bond Insurer as a condition precedent to issuance of its Municipal Bond Insurance Policy for the Series 2006 A Bonds are hereby set forth in Exhibit A, attached hereto and made a part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Ordinance and applicable to the Series 2006 A Bonds.

Section 5. The Issuer wishes to change the Depository Bank which was previously approved by the Supplemental Parameters Resolution and does hereby appoint and designate WesBanco Bank, Wheeling, West Virginia, for the purpose of serving in the capacity of Depository Bank.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, for the purpose of serving in the capacity of Registrar. The Registrar Agreement by and between the Issuer and the Registrar, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The notice addresses for the Registrar, Paying Agent, Depository Bank and the Bond Insurer shall be as follows:

REGISTRAR

WesBanco Bank, Inc.
1 Bank Plaza
Wheeling, West Virginia 26003-3543

DEPOSITORY BANK

Wesbanco Bank
1 Bank Plaza
Wheeling, West Virginia 26003-3543
Attn: Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
Suite 500
8 Capitol Street
Charleston, West Virginia 25301
Attention: Executive Director

BOND INSURER

Financial Security Assurance Inc.
31 West 52nd Street
New York, New York 10019

Section 8. This Resolution shall take effect immediately upon its adoption.

Adopted this 5th day of September, 2006.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the City Council of the CITY OF WHEELING at a regular meeting of the City Council held at 7:00 p.m., on September 5, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 26th day of September, 2006.

[SEAL]

Janice L. Jones
City Clerk

08/28/06
964250.00042

EXHIBIT A

MUNICIPAL BOND INSURANCE ORDINANCE REQUIREMENTS

EXHIBIT A

ORDINANCE REQUIREMENTS

The Ordinance shall incorporate the following requirements either in one section or article entitled "Provisions Relating to Bond Insurance" (or the like), **the provisions of which section or article shall be stated in the Ordinance to govern, notwithstanding anything to the contrary set forth in the Ordinance**, or individually in the appropriate sections:

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". "Insurer" shall be defined as follows: "Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof".

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the section or article of the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent.

(d) If acceleration is permitted under the Ordinance, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(e) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(f) The Insurer shall be included as a third party beneficiary to the Ordinance.

(g) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(h) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer. The Insurer's consent shall be required for any action taken in the last paragraph of Section 6.06.

(i) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(j) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(k) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(l) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(m) Each of the Issuer and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(n) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any

replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues and payable from such Net Revenues on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(o) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(p) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

(q) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(r) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(s) The notice address of the Insurer is: Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(t) The Insurer shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Ordinance), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(u) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(v) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(w) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(x) If the Bonds are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge of the Paying Agent for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred.

THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CERTIFICATE OF DETERMINATIONS OF THE
MAYOR OF THE CITY OF WHEELING

I, NICHOLAS A. SPARACHANE, Mayor of The City of Wheeling, hereby certify as follows:

1. Based upon the provisions and authorization set forth in the Supplemental Parameters Resolution of The City of Wheeling (the "City") adopted August 1, 2006 (the "Resolution"), I have determined and authorized that the above-captioned Bonds shall be issued in the aggregate principal amount of $12,000,000, shall be dated September 26, 2006, shall be in fully registered form, in the denominations of $5,000 or any whole multiple thereof, shall mature on June 1 of the years, shall bear interest payable semi-annually on June 1 and December 1 in each year, commencing June 1, 2007, at such rates, shall finally mature on June 1, 2036, shall be subject to such redemption provisions and shall have such other terms, all as are set forth in EXHIBIT A - BOND TERMS attached hereto and incorporated by reference herein.

2. Pursuant to the Resolution, the Bonds shall be sold to Ferris, Baker Watts, Incorporated (the "Underwriter") pursuant to the terms and provisions of the Bond Purchase Agreement, dated as of September 12, 2006 by and between the City and the Underwriter, at the purchase price of $12,189,639.45 (which represents the par amount of the Bonds, less underwriter's discount of $117,000, plus a net original issue premium of $306,639.45).

3. I have further determined that the distribution of the Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12) is hereby ratified and approved.

4. I have further determined that the City Manager, City Clerk and other officers of the City are hereby authorized and directed to take all further actions necessary to cause the Bonds to be issued and delivered on a timely basis to the purchasers thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 12th day of September, 2006.

Mayor, The City of Wheeling

CH845542.1

EXHIBIT A - BOND TERMS

Series 2006 A Bonds

$2,570,000 Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	CUSIP
2008	$215,000.00	3.750%	100.287%	963270DS9
2009	$225,000.00	3.750%	100.427%	963270DT7
2010	$235,000.00	3.750%	100.474%	963270DU4
2011	$240,000.00	3.750%	100.465%	963270DV2
2012	$250,000.00	3.750%	100.351%	963270DW0
2013	$260,000.00	4.000%	101.579%	963270DX8
2014	$270,000.00	4.000%	101.450%	963270DY6
2015	$280,000.00	4.125%	102.156%	963270DZ3
2016	$290,000.00	4.125%	101.876%	963270EA7
2017	$305,000.00	4.125%	101.391%	963270DR1

$1,365,000.00 5.000% Term Bonds, Due June 1, 2021 at 106.549% 963270EB5
$2,095,000.00 4.250% Term Bonds, Due June 1, 2026 at 98.291% 963270EC3
$2,970,000.00 5.250%Term Bonds, Due June 1, 2036 at 106.554% 963270ED1
$3,000,000.00 4.750% Term Bonds, Due June 1, 2036 at 100.999% 963270EE9

The Series 2006 A Bonds are subject to redemption prior to the maturity thereof.

Optional Redemption

The Series 2006 A Bonds maturing on or after June 1, 2016 are subject to redemption prior to maturity at the option of the City at par.

Mandatory Sinking Fund Redemption

The Series 2006 A Bonds maturing June 1, 2021, June 1, 2026 and June 1, 2036, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection 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 2006 A Bonds Maturing June 1, 2021

Year (June 1)	Principal Amount
2018	$315,000
2019	$335,000
2020	$350,000
2021*	$365,000

Series 2006 A Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2022	$385,000
2023	$400,000
2024	$420,000
2025	$435,000
2026*	$455,000

Series 2006 A Bonds 5.25% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$235,000
2028	$250,000
2029	$260,000
2030	$275,000
2031	$285,000
2032	$300,000
2033	$315,000
2034	$335,000
2035	$350,000
2036*	$365,000

Series 2006 A Bonds 4.75% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$240,000
2028	$250,000
2029	$265,000
2030	$275,000
2031	$290,000
2032	$305,000
2033	$320,000
2034	$335,000
2035	$350,000
2036*	$370,000

*Final maturity.

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THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CERTIFICATE OF DETERMINATIONS OF THE
MAYOR OF THE CITY OF WHEELING

I, NICHOLAS A. SPARACHANE, Mayor of The City of Wheeling, hereby certify as follows:

1. Based upon the provisions and authorization set forth in the Supplemental Parameters Resolution of The City of Wheeling (the "City") adopted August 1, 2006 (the "Resolution"), I have determined and authorized that the above-captioned Bonds shall be issued in the aggregate principal amount of $12,000,000, shall be dated September 26, 2006, shall be in fully registered form, in the denominations of $5,000 or any whole multiple thereof, shall mature on June 1 of the years, shall bear interest payable semi-annually on June 1 and December 1 in each year, commencing June 1, 2007, at such rates, shall finally mature on June 1, 2036, shall be subject to such redemption provisions and shall have such other terms, all as are set forth in EXHIBIT A - BOND TERMS attached hereto and incorporated by reference herein.

2. Pursuant to the Resolution, the Bonds shall be sold to Ferris, Baker Watts, Incorporated (the "Underwriter") pursuant to the terms and provisions of the Bond Purchase Agreement, dated as of September 12, 2006 by and between the City and the Underwriter, at the purchase price of $12,189,639.45 (which represents the par amount of the Bonds, less underwriter's discount of $117,000, plus a net original issue premium of $306,639.45).

3. I have further determined that the distribution of the Official Statement (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12) is hereby ratified and approved.

4. I have further determined that the City Manager, City Clerk and other officers of the City are hereby authorized and directed to take all further actions necessary to cause the Bonds to be issued and delivered on a timely basis to the purchasers thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 12th day of September, 2006.

Mayor, The City of Wheeling

CH845542.1

EXHIBIT A - BOND TERMS

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The Series 2006 A Bonds are subject to redemption prior to the maturity thereof.

Optional Redemption

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Mandatory Sinking Fund Redemption

The Series 2006 A Bonds maturing June 1, 2021, June 1, 2026 and June 1, 2036, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection 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:

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Year (June 1)	Principal Amount
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2021*	$365,000

Series 2006 A Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
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Year (June 1)	Principal Amount
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2036*	$365,000

Series 2006 A Bonds 4.75% Maturing June 1, 2036

Year (June 1)	Principal Amount
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2030	$275,000
2031	$290,000
2032	$305,000
2033	$320,000
2034	$335,000
2035	$350,000
2036*	$370,000

*Final maturity.

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$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 26th day of September, 2006, the undersigned, Marie Prezioso, Senior Vice President of Ferris, Baker Watts, Incorporated (the "Underwriter"), for and on behalf of the Underwriter, and Nicholas A. Sparachane, Mayor of The City of Wheeling (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 26th day of September, 2006, the Depository Trust Company in New York, New York, on behalf of the Underwriter received the entire original issue of $12,000,000 in aggregate principal amount of The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"). The Series 2006 A Bonds, as so received on original issuance, are in various denominations, are dated September 26, 2006, and are numbered from AR-1 upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Series 2006 A Bonds, they had been executed by Nicholas A. Sparachane, as Mayor and Robert Herron, as City Manager, of the Issuer by their manual signatures, and the official seal of the Issuer had been impressed upon each Series 2006 A Bond and attested by Janice L. Jones, City Clerk of the Issuer by her manual signature, and had been authenticated by Wesbanco Bank, Inc., Wheeling, West Virginia, as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Series 2006 A Bonds, of the proceeds of the Series 2006 A Bonds, as follows:

Par Amount	$12,000,000
Less: Underwriters' Discount	$ (117,000)
Plus: Net Premium	$ 306,639.45
TOTAL	$12,189,639.45

Payment for the Series 2006 A Bonds was made in immediately available funds (federal funds wire) in the amount of $12,189,639.45, with: (i) $193,676.63 of such amount having been wired directly to the Bond Insurer for payment of the Municipal Bond Insurance Premium (ii) $257,178.33 being wired directly to Progressive Bank, N.A. for payment of the Series 2003 A Bonds (remaining amount to be wired directly to Progressive

Bank, N.A. from the West Virginia Municipal Bond Commission); and (iii) $775,237.50 being wired to the West Virginia Municipal Bond Commission for funding of the Series 2006 A Bonds Reserve Account. Accordingly, the amount received by the Issuer is $10,963,546.99. Said amount being wired directly to the Depository Bank by the Underwriter for deposit in the Construction Account and Costs of Issuance Account.

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WITNESS our respective signatures as of the day and year first stated above.

FERRIS, BAKER WATTS, INCORPORATED

By: _____
Its: Senior Vice President

THE CITY OF WHEELING

By: _____
Its: Mayor

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$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Wesbanco Bank, Inc.,
as Registrar
Wheeling, West Virginia

Ladies and Gentlemen:

On the 26th day of September, 2006, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-14, inclusive, constituting the entire original issue of The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, in the aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"), executed by the Mayor and City Manager of The City of Wheeling (the "Issuer") and bearing the official seal of the Issuer. The Series 2006 A Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on July 5, 2006, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on August 1, 2006 and a Second Supplemental and Amendatory Resolution adopted on September 5, 2006 (collectively, the "Ordinance").

2. A copy of the Ordinance certified by the City Clerk of the Issuer.

3. A list of the names in which the Series 2006 A Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register and deliver the Series 2006 A Bonds to The Depository Trust Company, New York, New York, for the account of Ferris, Baker Watts, Incorporated, as the original purchaser thereof.

Dated as of the day and year first stated above.

THE CITY OF WHEELING

By: _____
Its: Mayor

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and among The City of Wheeling, West Virginia, a governmental instrumentality and political subdivision of the State of West Virginia (the "Issuer"), and WesBanco Bank, Inc., Wheeling, West Virginia (the "Dissemination Agent"), in connection with the issuance of $12,000,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds"). The Bonds are being issued pursuant to the bond ordinance enacted by the Council of the Issuer enacted on July 5, 2006, a supplemental amendatory resolution adopted by the Council of the Issuer on August 1, 2006 and a second supplemental and amendatory resolution adopted by the Council of the Issuer on September 5, 2006 (collectively, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "Central Post Office" or "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Purchase Contract dated September 12, 2006, which apply to any capitalized term used in the Agreement 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 Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, 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 Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"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).

"Central Post Office" means the Texas Municipal Advisory Council ("MAC") (http://www.disclosureusa.org) or any successor or alternative entity approved by the United States Securities and Exchange Commission.

"Dissemination Agent" shall initially mean WesBanco Bank, Inc. or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository arid the State Repository.

"Rule" shall mean Rule 1 5c2-12(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 the Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2007, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. 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 the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Issuer's fiscal year changes, the Issuer 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 Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Central Post Office for delivery 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 Central Post Office for delivery to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, 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 the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided and listing the Central Post Office and all the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2007 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to the Central Post Office for delivery to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information repository ("State Repository"), information and data of the Issuer for the prior fiscal year, including the audited financial statements, prepared in accordance with generally accepted auditing 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 Issuer 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 Issuer 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 Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the 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 thaws 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 General Resolution;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to the Central Post Office and the Municipal Securities Rulemaking Board for delivery to the National Repository and the State 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 Resolution.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer 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. WesBanco Bank, Inc., Wheeling, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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 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 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 Bonds in the same manner as provided in the Resolution for amendments to the Resolution 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 Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer 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 by the Issuer, 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 the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement 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 the Agreement. If the Issuer 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 the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it is 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 Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	The City of Wheeling 1500 Chapline Street Wheeling, WV 26003
To the Dissemination Agent:	WesBanco Bank, Inc., Wheeling Bank Plaza Wheeling, WV 26003

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Date: September 26, 2006

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

WESBANCO BANK, INC., N.A., as Dissemination Agent

By: _____

Its: Trust Officer

{C1105605.3}

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Wheeling

Name of Issue: $12,000,000 City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Date of Issuance: September 26, 2006

Notice is hereby given that the Issuer 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 Issuer anticipates that the Annual Report will be filed by

Dated this ____ day of_____, 20_.

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

{C1105605.3}

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of September 1, 2006

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $215,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.75%	June 1, 2008	September 26, 2006	963270DS9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTEEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10

days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by Wesbanco Bank, Inc., Wheeling, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $12,000,000 designated "The City of Wheeling (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated September 26, 2006, the proceeds of which are to be used (i) to refund the Issuer's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A Bonds, (ii) to pay a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing water portion (the "Project") of the Issuer's combined waterworks and sewerage system (the "System"), (iii) to fund a reserve account for the Series 2006 A Bonds, and (iv) to pay certain costs of issuance and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Council of the Issuer on July 5, 2006, and supplemented by a Supplemental Parameters Resolution adopted by said Council on August 1, 2006, and a Second Supplemental and Amendatory Resolution dated September 5, 2006 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Wheeling, West Virginia.

Optional Redemption

The Series 2006 A Bonds maturing on or after June 1, 2016 are subject to redemption prior to maturity at the option of the City at par.

Mandatory Sinking Fund Redemption

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

Series 2006 A Bonds Maturing June 1, 2021

Year (June 1)	Principal Amount
2018	$315,000
2019	$335,000
2020	$350,000
2021*	$365,000

Series 2006 A Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2022	$385,000
2023	$400,000
2024	$420,000
2025	$435,000
2026*	$455,000

Series 2006 A Bonds 5.25% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$235,000
2028	$250,000
2029	$260,000
2030	$275,000
2031	$285,000
2032	$300,000
2033	$315,000
2034	$335,000
2035	$350,000
2036*	$365,000

Series 2006 A Bonds 4.75% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$240,000
2028	$250,000
2029	$265,000
2030	$275,000
2031	$290,000
2032	$305,000
2033	$320,000
2034	$335,000
2035	$350,000
2036*	$370,000

*Final maturity.

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

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

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE, SOURCE OF AND SECURITY FOR PAYMENT WITH THE FOLLOWING OUTSTANDING REVENUE BONDS OF THE ISSUER: (i) THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JANUARY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $20,600,000 (THE "SERIES 1997 BONDS"), AND (ii) THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 3, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $14,500,000 (THE "SERIES 2005 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Financial Security Assurance Inc.

The Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of

Gross Revenues in favor of the holders of the Prior Bonds and from moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) after the Series 1997 Bonds are no longer outstanding and the Series 2005 A Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Issuer's outstanding Series 2003 A Bonds, pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to waterworks portion of the System, fund a reserve account for the Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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

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

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

All provisions of the Ordinance, and the statutes under which this 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING has caused this Bond to be signed by its City Manager and Mayor, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Mayor

City Manager

SPECIMEN

ATTEST:

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: September 26, 2006.

WESBANCO BANK, INC., as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

STATEMENT OF INSURANCE

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy othereof may be obtained from Financial Security or the Paying Agent.

(Form of)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

09/21/06
964250.00042

CH847336.2

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $225,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.75%	June 1, 2009	September 26, 2006	963270DT7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3

$235,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.75%	June 1, 2010	September 26, 2006	963270DU4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4

$240,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.75%	June 1, 2011	September 26, 2006	963270DV2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FORTY THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.75%	June 1, 2012	September 26, 2006	963270DW0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-6 $260,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	June 1, 2013	September 26, 2006	963270DX8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SIXTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-7 $270,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	June 1, 2014	September 26, 2006	963270DY6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-8 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.125%	June 1, 2015	September 26, 2006	963270DZ3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS.

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-9

$290,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.125%	June 1, 2016	September 26, 2006	963270EA7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-10

$305,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.125%	June 1, 2017	September 26, 2006	963270DR1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIVE THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC). ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-11 $1,365,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.00%	June 1, 2021	September 26, 2006	963270EB5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED SIXTY-FIVE THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-12

$2,095,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.250%	June 1, 2026	September 26, 2006	963270EC3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION NINETY-FIVE THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-13 $2,970,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.250%	June 1, 2036	September 26, 2006	963270ED1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO MILLION NINETY HUNDRED SEVENTY THOUSAND DOLLARS

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Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

$3,000,000

No. AR-14

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2006 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.750%	June 1, 2036	September 26, 2006	963270EE9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE MILLION DOLLARS

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CITY OF WHEELING

CITY COUNTY BLDG., 1500 CHAPLINE STREET
WHEELING, WEST VIRGINIA 26003

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Wheeling does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the City Clerk at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Clerk not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 19th day of April, 2005.

Nick A. Sparachane, Mayor

ATTEST:

City Clerk

CHARTER

OF THE CITY OF

WHEELING

CHARTER

OF THE CITY OF

WHEELING

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P R E A M B L E

The City of Wheeling has been and remains an ideal locale in which to live, to work, and to raise a family. Its excellent schools, beautiful parks, low crime, incomparable fire department, efficient public services, and, most important, warm and friendly residents, make Wheeling a city without equal for its size.

It is the mission of the Charter Review Board, elected and empowered by the citizens of The City of Wheeling at an election held December 3, 1991, to build upon and improve our fair city, as follows:

1. To provide a leadership figure for the city, backed by the mandate of the electorate, to coordinate and advance our economic rebirth;

2. To provide for a council which is more accountable to the citizens it represents, more efficient, and more decorous in its actions;

3. To retain the city manager form of government to maintain the efficient services our citizens have enjoyed;

4. To more clearly delineate the duties, responsibilities and authorities of the administrative and legislative branches of city government; and

5. To retain unchanged and unaffected by political pressures the Wheeling Park Commission, which has provided our city with successful and beautiful parks for the enjoyment of our citizens and enrichment of our community.

In the hope that we have fulfilled our mission and our obligation, we, the Charter Review Board, have adopted and do propose to the electorate of The City of Wheeling the following charter.

SECTION 1. POWERS AND RIGHTS OF CITY AS CORPORATE BODY.

The inhabitants of the portion of the Counties of Ohio and Marshall, in the State of West Virginia, within the limits of the City of Wheeling, as they now are, or as they may hereafter be, shall be and continue a body politic and corporate, by the name and style of "The City of Wheeling," and as such, and by that name, shall have perpetual succession, and may contract and be contracted with, sue and be sued, plead or be impleaded, answer and be answered unto, and may purchase, acquire by condemnation proceedings for public use, take, receive, hold and use goods and chattels, lands and tenements and choses in action, or any interest, right or estate therein, either for the proper use of the City, or in trust for the benefit of any person or association therein; and the same may grant, sell, convey, transfer and assign, let, pledge, mortgage, charge and encumber, in any case and in any manner in which it would be lawful for private individuals so to do, except where its powers may be limited by law; and may have and use a common seal, and alter and renew the same at pleasure; and generally shall have all the rights, franchises, capacities and powers appertaining to municipal corporations in this State.

All real and personal estate, and all funds, rights, titles, taxes, credits and claims, and rights or action owned by the City of Wheeling immediately before this Charter takes effect or which are then held in trust or have been appropriated for the use or benefit of the City or of the inhabitants thereof, shall be and the same are hereby transferred to and vested in the City of Wheeling under this Charter.

SECTION 2. POWERS OF LOCAL SELF GOVERNMENT AND HOME RULE.

The City of Wheeling shall have each and every authority and power granted to it by this Charter and any power or authority heretofore conferred on it by the Legislature by general, special or local law or municipal charter or parts thereof not inconsistent with the Constitution or general law of the State. The City of Wheeling shall also have all powers granted to municipalities under the Constitution and Statutes of the State of West Virginia, including all powers of local self-government and home rule granted by Chapter 8 of the Code of West Virginia, as amended, as well as any powers and authority fairly incidental thereto or reasonably implied and within the purpose thereof. All such powers shall be exercised in the manner prescribed by this Charter and, if not prescribed herein, in such manner as shall be provided by ordinance of Council.

SECTION 3. LEGISLATIVE POWER OF COUNCIL; FINES AND PENALTIES FOR VIOLATION OF ORDINANCES.

All legislative powers of the City shall be vested, subject to the terms of this Charter and of the Constitution of the State, in the Council. The Council shall have authority to pass all ordinances necessary and proper to carry into full force and

effect any power, capacity, authority, or jurisdiction which is or shall be granted to or fixed in the City or in the Council or in any officer of the City, and to provide for the enforcement of any or all of their ordinances by reasonable fines and penalties, or by imprisoning offenders against such ordinances, or by any or all of those modes; provided, however, that no person shall be imprisoned more than 30 days or fined more than five hundred dollars for any one offense.

SECTION 4. FORM OF GOVERNMENT.

The form of government of the City of Wheeling shall be the Manager-Mayor Plan, as set forth as Plan V in W.Va. Code § 8-3-2, whereby there shall be a Council of six members, elected from such geographic districts as are hereinafter provided (hereinafter sometimes called "Wards"), which districts the Council may change, from time to time, without amending the Charter: Provided, That the change of such districts shall not take effect during the terms of office of the members of such Council making such change. There shall be a Mayor elected at large by the qualified voters of the City as hereinafter provided, who shall serve as a member and the presiding officer of the Council; and a City Manager who shall be appointed by the Council. The Council shall be the governing body. The Manager shall be the administrative authority. The Manager shall manage the affairs of the City under the supervision of the Council and shall be responsible to the Council. The Manager shall appoint or employ, in accordance with Chapter 8 of the West Virginia Code and this Charter, all subordinates and employees for whose duties or work the Manager is responsible to Council.

SECTION 5. WARDS.

(a) Wards. The City shall be divided into six wards, embracing the territory included in precincts established by the Ohio and Marshall County Commissions as of March 18, 1992, as follows:

First Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 1, 2, 3, 4, 5, 7 and 24.

Second Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 28, 60, 64, 65, 69, 71, 36 and 43.

Third Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 100, 103, 104, 95, 87, 77 and 49.

Fourth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 9, 20 14, 16, 31, 113, 115, 116, 119 and 120.

Fifth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 122, 124, 125, 126, 127, 128, and 129.

Sixth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 1A (Marshall County Precinct No. 39), 130, 135, 134, 131, 141, 148, 137, 138 and 149.

(b) Ward boundary changes. Changes in the boundaries of the wards may be made by Council by ordinance from time to time, but in making such changes regard must be had for the compactness of the territory and in equalizing the number of inhabitants of the several wards.

(c) Ward meetings. Each member of Council shall hold a public meeting in the ward represented by that member not less than annually to hear concerns of residents of the ward.

SECTION 6. ELECTIONS.

A special City election of the Mayor and members of Council shall be held on November 3, 1992. Regular City elections of the Mayor and members of Council shall be held on the second Tuesday of May, 1996, and the second Tuesday of May of each fourth year thereafter.

The conduct of all municipal elections shall be integrated with the system of "permanent registration of voters," and those provisions of Chapter Three of the West Virginia Code that integrate county-state elections with the "permanent registration system" are hereby incorporated by reference, to the extent reasonably applicable.

Except as otherwise provided herein, the provisions of general law with respect to the method and time for the filing of certificates of candidacy, conducting elections, and determining and certifying the results of such elections, shall apply to City elections.

All City elections shall be nonpartisan. Any person who is eligible to hold and seeks to hold the office of Mayor or member of Council shall file with the City Clerk a certificate declaring candidacy for such office, accompanied by a $50 filing fee, which certificate shall be in form and effect as follows:

> I, _____, hereby certify that I am a candidate for the office of [Mayor or member of Council for the ____ Ward] of the City of Wheeling, and desire my name to be printed on the official ballot of the City of Wheeling to be voted at the election to be held on the ____ day of _____, 19__; that I am a legally qualified voter of the City of Wheeling; that my residence is _____, in the ____ Ward of the City of Wheeling; that I am eligible to hold that office; and that I am a candidate for that office in good faith.
>
> _____
> Candidate

Signed and acknowledged before me this ____ day of _____, 19__.

_____

SECTION 7. OATH OF MAYOR AND MEMBERS OF COUNCIL.

The Mayor and every member of Council, before entering upon the duties of the office, shall make before someone authorized by law to administer oaths, and file with the City Clerk an oath or affirmation to support the Constitutions of the United States and the State of West Virginia and to discharge faithfully the duties of the office to the best of the Mayor's or member's skill and judgment.

SECTION 8. COMPENSATION OF THE MAYOR AND MEMBERS OF COUNCIL.

Members of Council shall receive an annual salary of $8500, and the Mayor shall receive an annual salary equal to that of a member of Council plus 33%. Neither the Mayor nor any member of Council shall receive additional emoluments, allowances or bonuses on any account: Provided, That the Mayor and members of Council may participate at their own expense in any group insurance program offered by the City of Wheeling to its employees, consistent with the terms and requirements of such policy.

SECTION 9. TERM OF MAYOR AND COUNCIL.

The Mayor and members of Council elected on November 3, 1992, shall take office on December 1, 1992, and shall serve until June 30, 1996. The Mayor and members of Council elected in the regular municipal election on the second Tuesday of May, 1996, and every four years thereafter, shall take office on the first day of July next following, and shall serve until June 30 of the fourth following year.

SECTION 10. LIMITATION ON TERMS OF THE MAYOR.

The Mayor shall be elected to not more than two consecutive terms: Provided, That nothing herein shall be construed as preventing an incumbent Mayor from election to a Council term following the end of the Mayor's term.

SECTION 11. QUORUM, RECORDS AND MEETINGS OF COUNCIL.

Council shall hold a regular meeting on the first and third Tuesday of each month, unless that day is a legal holiday, in which case the meeting shall be held on the following Wednesday.

A majority of the members elected to the Council shall be a quorum to do business, but a less number may adjourn from time to time. All legislative action shall be by ordinance except where otherwise required by the Constitution or the laws of the State. The Council shall keep a journal of its proceedings which shall

be a public record. At the desire of any member the yeas and nays shall be entered upon the journal, and on the passage of every ordinance, the vote shall be taken by yeas and nays and entered on the journal and no ordinances shall be passed without the concurrence of a majority of the members elected to Council. Special meetings shall be held on the request of any two members upon notice to each member and as provided by rule of Council, consistent with W. Va. Code § 6-9A-3. The proceedings of the Council shall be public, except for executive session as permitted under W. Va. Code § 6-9A-4.

Except where inconsistent with his Charter, general law or ordinance, the proceedings of Council shall be governed by the rules of parliamentary procedure contained in Robert's Rules of Order, including, but not limited to, the requirement that debate must be limited to the merits of the immediately pending question; except that in a few cases the main question is also open to debate. Speakers must address their remarks to the presiding officer, be courteous in their language and deportment, never alluding to the officers or other members by name, where possible to avoid it, nor to the motives of members. It shall be the duty of the presiding officer to see that parliamentary procedure and decorum are maintained.

SECTION 12. ATTENDANCE AT COUNCIL MEETING REQUIRED FOR VOTING.

No member of Council may vote on any matter before Council unless that member is present at the time of the vote. No paired votes or absentee votes shall be permitted.

SECTION 13. ORDINANCE FORM, PASSAGE, RECORDS AND INDEX; CODIFICATION.

Except where a pressing public emergency makes complying with this provision dangerous to the public health, safety or morals, and by affirmative vote of two thirds of the members elected to Council, and where the ordinance sets out in full the nature of the emergency, a proposed ordinance shall be read by title at not less than two meetings of Council with at least one week intervening between each meeting, unless a member of Council demands that the ordinance shall be read in full at one or both meetings. If such a demand is made, the ordinance shall be read in full as demanded. No ordinance shall contain more than one subject, which shall be clearly expressed in its title, and no ordinance shall be revived or amended unless the new ordinance contains the entire ordinance revived, or the section or sections amended, and the section or sections so amended shall be repealed. Council may adopt codification ordinances, codifying, revising and rearranging the ordinances of the City or any portion of such ordinances. Every ordinance and resolution of Council shall be recorded in the office of the City Clerk, and shall be a public record. The Clerk shall prepare and keep a full and proper index of all ordinances, as well as separate indices of other proceedings of Council.

SECTION 14. PERSONAL INTEREST OF MEMBERS OF COUNCIL; EFFECT.

Any member of Council having any interest, direct or indirect, other than as a citizen of Wheeling, in any matter to be acted upon in any way by Council, shall have no vote on such matter, nor shall be privileged to take part in the discussion thereof except by unanimous consent, and, upon the request of any other member of Council, the member shall retire from the session until such matter has been disposed of.

SECTION 15. RESTRICTION ON FINAL PASSAGE OF CERTAIN ORDINANCES; USE OF STREETS, FRANCHISES.

Every ordinance, resolution or action changing the precinct boundaries or otherwise redistricting the City, or annexing any municipality or territory, or appropriating money in excess of one hundred dollars, or ordering any street improvements or sewer, or granting any franchise, or any right to occupy or use the streets, highways, bridges, or public places in the City or any part thereof, for any purpose, shall be complete in the form in which it is finally passed, and remain on file with the City Clerk for public inspection at least one week before the final passage or adoption thereof. No franchise, or right to occupy or to use the streets, highways, bridges, or public places in the City, or any part thereof, shall be granted, renewed, altered, amended, repealed or extended except by ordinance; provided, however, that nothing contained herein shall prohibit Council from empowering the City Licensing Officer from granting permits to churches, community associations and the like, for the use of portions of City streets for street fairs and fetes of similar character.

SECTION 16. SPECIFIED ORDINANCES; EFFECTIVE DATE; ELECTOR PROTEST.

No ordinance, resolution or action of the Council changing the precinct boundaries or otherwise redistricting the City, or annexing any municipality or territory, or granting to any corporation, firm, person or association, or combination of persons, any privilege, right, license, easement or franchise to establish, maintain or conduct in the City any public utility, except when otherwise required by the general laws of this State, shall go into effect before thirty days from the time of its final passage, and not then unless within two days after passage, Sundays and holidays excepted, the same shall have been published in two newspapers published and generally circulated in the City. And, if during those thirty days a petition signed by ten percent of the qualified voters of the City of Wheeling protesting against the passage of such ordinance, resolution or action, be presented to Council, the ordinance, resolution or action thereupon suspended from going into operation, and it shall be the duty of Council to reconsider the same, and if the same is not entirely repealed the Council shall submit the ordinance, resolution or action as is provided in relation to referendum of ordinances to the vote of the electors of the City, either at the next general municipal election or at a special municipal election to be called for the purpose, and such ordinance, resolution

or action shall not go into effect or become operative unless a majority of the qualified electors voting on the same shall vote in favor thereof. Such petition shall conform to the provisions of Section 81 of this Charter and shall be submitted, examined and certified in the manner provided in Section 81.

SECTION 17. ORDINANCES INITIATED BY ELECTORS; PUBLIC VOTE; PUBLICATION.

Any proposed ordinance may be submitted to the Council by petition signed by ten percent of the qualified voters of the City. Such petition shall be conformed as provided by Section 81 of this Charter, and shall be submitted, examined and certified in the manner provided in Section 81. If the petition be certified to Council as provided in Section 81 of this Charter, and contains a request that the ordinance be submitted to a vote of the people if not passed by the Council, the Council shall either (a) pass such ordinance without alteration within twenty days after attachment of the Clerk's certificate of sufficiency to the petition; or (b) forthwith after the Clerk shall attach to the petition a certificate of sufficiency, the Council shall call a special election, unless a general election is to be held within ninety days thereafter, and at such special or general municipal election such ordinance shall be submitted without alteration to the vote of the electors of the City. If a majority of the votes cast be in favor thereof, such ordinance shall thereupon become a valid and binding ordinance of the City, and any ordinance proposed by petition, or which has been adopted by a vote of the people, shall not be repealed or amended except by a majority vote of the people. Any number of proposed ordinances may be voted upon at the same election. In accordance with the provisions of this section, but there shall not be more than one special election in any period of six months for such purpose.

Whenever any ordinance or proposition is required by this Charter to be submitted to the voters of the City at any election, the City Clerk shall cause such ordinance or proposition to be published once in two daily newspapers published in the City, such publication to be not more than twenty days or less than fifteen days before such election.

SECTION 18. COUNCIL TO GRANT FRANCHISES.

Council shall have authority to grant franchises, subject to the provisions of this Charter.

SECTION 19. PUBLIC UTILITY FRANCHISES; CONDITIONS THEREOF.

Franchises, rights or privileges may be granted by the Council, allowing to persons, firms or corporations for a limited time such occupancy of portions of the streets, alleys or public grounds of the City as may be deemed by it necessary for the use of any public utility as defined by the general laws of this

State. But no such franchise, right or privilege shall hereafter be granted by the Council except under the following restrictions and conditions:

(a) To be offered at regular meeting; publication of object and nature; yea and nay vote. No ordinance granting any franchise, right or privilege, for the use of streets, alleys or public grounds of the City, shall be passed unless it shall have been first offered at a regular meeting of the Council and notice of the object, nature and full extent of such franchise, right or privilege shall have been published by the applicant once a week for four successive weeks in two newspapers of general circulation in the City of Wheeling before being acted upon. The vote thereon shall be taken by yeas and nays and the same entered upon the journal of the proceeding of the meetings of the Council. Opportunity to be heard shall be given to any interested person pursuant to W. Va. Code § 8-31-1.

(b) Period of grant; reservation of right to alter, amend or repeal. If no time be expressly provided in the grant, the franchise, right or privilege shall be granted for one year only, and in no case shall the same extend for a period exceeding fifty years. Nor shall any grant of a franchise, right or privilege be made without the reservation on the part of the City of the right to alter, amend or repeal the same at any time during its term should the grantee fail to do those things which the grant of franchise, right or privilege stipulates that the grantee shall do, or should the grantee do such things as by the grant of franchise, right or privilege the grantee is prohibited from doing; provided, that after notice by the City to the grantee specifying wherein the grantee has failed to comply with the terms of the grant, the grantee shall not within three months from the service of such notice comply with such terms.

(c) Indemnifying City and public against damage. No grant of any franchise shall be made without at the time of making it providing that the grantee shall indemnify the City against all damages caused by the construction, operation or maintenance of any works under the grant. All reasonable additional provisions and conditions may be made for the protection of the public from unnecessary damages or inconveniences by reason of such works and the maintenance of operation thereof.

(d) Consideration for grant. No grant of any franchise, right or privilege shall be made without at the time of making it providing that the City shall receive in consideration therefor proper compensation, which may be paid in such manner as Council shall deem to be in the best interest of the City.

(e) Payment of election expenses where special election required. In case a petition for stay of ordinance is presented in accordance with section sixteen, and a special election is called for the purpose of accepting or rejecting the application for a franchise, right or privilege, the applicant for same shall deposit with the City the amount of expenses of the election, which shall be applied to the payment of such expenses.

(f) Two-thirds vote of Council required. No franchise, right or privilege referred to in this section can be granted unless on

the affirmative vote of at least two-thirds of the membership of Council.

(g) Section not applicable to grant under Section 20; renewal of grants; forfeiture for non-user. The provisions of this section, however, shall not apply to grants made under Section 20 of this Charter. No renewal of any franchise, right or privilege for any such work or public utility service as is mentioned herein, granted for a period of more than three years, shall in any manner be granted until within three years of the time of its expiration. The non-user of a franchise, right or privilege in or upon any street or alley or public ground for a period continuously of one year, shall vacate and annul the same as to the portion so allowed to go into disuse.

SECTION 20. GRANTS FOR SWITCHES OR TRAMWAYS ON STREETS.

Permission may be given to a person, firm or private corporation, not engaged in conducting a public utility business, to place a switch or tramway on a part of a public street or alley, at grade, for the person's own or its own use, but the grant shall be so limited as not to exceed ten years, and a charge, in the nature of an annual rental or license charge for the same, payable to the City, may be fixed by the Council.

All grants under this section shall be subject to the following restrictions and conditions:

If no time is expressly provided in the grant, it shall be for one year only.

It shall provide that the grantee shall indemnify and save harmless the City against all suits, loss or damage, by reason of the construction or maintenance of such switch or tramway, and that the grant may be altered, amended or repealed upon satisfactory evidence that the grantee has failed to comply with its provisions. Reasonable provisions must be made to protect the public from unnecessary damage or inconvenience by reason of such switch or tramway and the operation or maintenance thereof.

SECTION 21. ASSESSMENT FOR PUBLIC IMPROVEMENT; VOTE.

No public improvement, the cost or the part of the cost of which is to be specially assessed on the owners of property, shall be made without notice to abutting owners as provided in Section 22 hereof and the concurrence of three-fourths of the members elected to the Council, unless the owners of a majority of the foot frontage to be assessed, petition in writing therefor, in which case the Council shall be authorized (a majority of the members elected thereto concurring) to ordain such improvement.

SECTION 22. NOTICE OF PROPOSED ASSESSMENTS TO ABUTTING PROPERTY OWNERS.

If the Council proposes to order and cause the grading, paving, curbing or other improving of any street or alley or the construction of any sewer or other drainage, to be paid in whole or in part by any owner of any property abutting or bounding on such street, alley, sewer or other improvement, or whose property abutting or abounding thereon may be assessed with the cost of such improvement, in whole or in part, such owner shall be given notice of such proposal in the manner prescribed by W.Va. Code § 8-18-3. Such notice shall set forth substantially the nature of the work to be proposed, the extent thereof, its location and the manner of paying for the same; and no ordinance or resolution shall be binding upon any such owner unless the required notice shall have been so given.

SECTION 23. COMMISSIONERS OF LOANS AND BOND ISSUES.

Council shall appoint such commissioners of municipal loans and bond issues as may be required by laws of the State.

SECTION 24. PROVISIONS FOR ISSUANCE OF LICENSES.

Council shall provide by ordinance for the issuing of all City licenses, the license fees, and the various kinds of licenses, and the terms, requirements and conditions upon which licenses shall be issued.

SECTION 25. CONTINUATION OF DEPARTMENTS.

The existing departments, commissions, boards and other branches of the City government are continued, unless changed by the provisions of this Charter or by ordinance of the Council. Except as established by the provisions of this Charter, the Council may change, abolish, combine and rearrange the departments, commissions, boards and other branches of the City government provided for in the administrative code, but an ordinance creating, combining, abolishing or decreasing the powers of any department, commission, board or other branch, shall require a vote of a majority plus one of the members elected to the Council.

SECTION 26. APPOINTMENTS.

As provided elsewhere in this Charter or by law, Council shall appoint the City Manager, Traffic Commission, Municipal Parking Authority, Municipal Auditorium Board, Hall of Fame Board, Ohio Valley Regional Transportation Authority, Centre Market Commission and Sign Board of Appeals; the Mayor, with the advice and consent of Council, shall appoint the Vice Mayor, Director of Finance, City Clerk, Recreation Commission, Municipal Civil Service Commission, Human Rights Commission, and Board of Zoning Appeals; the Mayor shall appoint the members of the Development Committee and the other committees of Council, and

the Mayor's Advisory Commission on Economic and Industrial Development; the City Manager shall appoint the Assistant City Manager, Police Chief, Fire Chief, Personnel Director, Licensing Officer, City Solicitor (who shall appoint the Assistant City Solicitors), Director of Development, City Engineer, Public Works Director, Director of Development, Director of Communications, Municipal Court Judge (who shall appoint the Clerk and Deputy Clerk of Municipal Court) and Temporary Judge, the Building Codes Board of Appeals and the Historic Landmarks Commission; the City Manager shall appoint the Planning Commission, to be confirmed by Council; the City Manager, FOP Local and Wheeling Chamber of Commerce shall appoint the Police Civil Service Commission; the City Manager, IAFF Local and Wheeling Chamber of Commerce shall appoint the Fire Civil Service Commission; and the City Manager and Wheeling Chamber of Commerce shall appoint the Wheeling Park Commission.

SECTION 27. SELECTION, POWERS AND DUTIES OF MAYOR.

There shall be a Mayor elected at large by the qualified voters of the City, as established by this Charter, who shall serve as a member and the presiding officer of the Council and who shall perform such other duties as provided by this Charter or by law.

SECTION 28. DEVELOPMENT COMMITTEE; MAYOR'S ADVISORY COMMISSION ON ECONOMIC AND INDUSTRIAL DEVELOPMENT.

The Mayor shall appoint and chair a committee of Council designated as the Development Committee, consisting of three members of Council, including the Mayor. The Development Committee shall consider and report to Council matters related to economic development, the use of public buildings and real estate, planning, zoning, housing and annexation.

The Mayor shall appoint and chair the Mayor's Commission on Economic and Industrial Development, consisting of eleven members, including the Mayor, the other members of the Development Committee of Council, the City Manager, and seven additional members. The Commission shall provide advice on economic and industrial development.

SECTION 29. SELECTION, POWERS AND DUTIES OF VICE-MAYOR

At the first meeting of Council in December 1992, and, thereafter, at the first meeting of Council in July following the regular municipal election, and at such other times as there may be a vacancy in the position, the Mayor shall appoint one of the members of Council as Vice-Mayor, subject to the approval of Council. The Vice-Mayor shall perform the duties of the Mayor during the Mayor's absence or disability. In the event of the death, removal or resignation of the Mayor, the Council shall choose one of its members as Mayor for the unexpired term. No additional compensation shall attach to the office of Vice-Mayor.

SECTION 30. APPOINTMENTS BY MAYOR.

The appointments to be made by the Mayor shall be made with the advice and consent of the Council, and such appointees shall serve at the pleasure of Council, except for the appointments made pursuant to Section 28 hereof.

SECTION 31. TRAFFIC COMMISSION.

There is hereby created a commission to be known as the Traffic Commission, whose duty it shall be to recommend rules and regulations concerning the parking of automobiles and other vehicles, and regulating such parking on the public thoroughfares in the City of Wheeling. Such recommendations shall be forwarded to Council in the form of ordinances, for action by Council. The Commission shall be composed of five residents of the City of Wheeling, none of whom shall be State, County or City officials, and who shall be appointed by the Mayor and shall serve at the pleasure of Council.

SECTION 32. ZONING REGULATIONS AND ENFORCEMENT THEREOF.

Consistent with the requirements of W. Va. Code § 8-24-1 et seq., for the purpose of promoting the health, safety, morals or the general welfare of the community, the Council may pass and cause to be enforced such ordinances as it shall deem necessary or proper to regulate and restrict the height, number of stories, size of buildings and other structures, percentage of lot that may be occupied, the size of yards, courts and other open spaces, the density of population, and the location and use of buildings, structures and land for trade, industry, residence or other purposes. For any or all of those purposes, Council may divide the City and the districts into such number, shape and area as may be deemed best suited to carry out the purposes of this act, and within such districts it may regulate and restrict the erection, construction, reconstruction, alteration, repair or use of buildings, structures or land. All such regulations shall be uniform for each class or kind of building throughout each district, but the regulations in one district may differ from those in other districts. Such regulations shall be made in accordance with a comprehensive plan and design to lessen the congestion, to secure safety from fire, panic or other danger, to promote health and general welfare, to provide adequate light and air, to prevent the crowding of land, to avoid undue concentration of population, and to facilitate the adequate provision for transportation, water, sewerage, schools, parks and other requirements. Such regulations shall be made with reasonable consideration being given to the character of the district and its peculiar suitability for particular uses, and with the view to conserve the value of buildings and encourage the most appropriate use of land throughout the City of Wheeling. Council shall provide for the manner in which such regulations and restrictions and the boundaries of such district shall be determined, established and enforced, and from time to time may amend, supplement or change; provided, however, that no such regulations, restrictions or boundaries shall become effective until after public hearing in relation thereto, at which parties interested and citizens shall have an opportunity to be heard. At least fifteen days' notice

of the time such regulations are to be presented shall be published in at least two newspapers published and circulated in the City of Wheeling.

Council may provide by ordinance for the enforcement of this section, or of any ordinance or regulations made thereunder. The violation of any such ordinances or regulations adopted or made, is hereby declared to be a misdemeanor, and Council may provide for the punishment by fine for any violation thereof.

In case any building or structure is erected or constructed, altered, repaired, converted or maintained, or any building, structure or land is used in violation of this section or of any ordinance or any other regulation made under authority conferred hereby, Council in addition to other remedies may in the name of the City bring an appropriate action or proceeding to prevent such unlawful erection, construction, alterations, repair, conversion, maintenance or use, and to restrain, correct or abate such violations, to prevent the occupancy of the building, structure or land, or to prevent any illegal act, conduct, business or use in or about such premises.

SECTION 33. APPROPRIATION OF PRIVATE PROPERTY; LEVIES FOR RECREATION PURPOSES; WHEELING PARK COMMISSION.

The Council may cause to be taken or damaged for the use of the City, for streets, alleys, markets, bridges, public squares, parks, playgrounds, and other municipal purposes, including occupation by sewer, water pipes, gas pipes, heating pipes, compressed air pipes and electric or other subways, any private property within the City, (but where such use is to secure or improve the water supply, or for park, playgrounds, sanitary or cemetery purposes, outside the limits of the City) but no such property shall be taken or damaged without just compensation. The compensation, if it cannot be determined by agreement with the owner of the property so taken or damaged, shall be ascertained in such manner as is or may be prescribed by general law for the condemnation of land for public purposes. In addition to all other levies provided by law, the Council of the City of Wheeling shall have the right of levy annually not to exceed five cents on each one hundred dollars of the assessed valuation of the property within the limits of the City according to the last assessment thereof for State and County purposes, for the purpose of obtaining and maintaining parks, playgrounds and recreation centers.

For the management of that play of ground heretofore known as Wheeling Park, and donated to the City of Wheeling on the eighteenth day of December, one thousand nine hundred twenty-four, for use as a municipal park, and for the management of the other parks of Wheeling there shall be, and there is hereby created a commission to be known as "Wheeling Park Commission" and the same is hereby made a body corporate, and by that name the Commission may sue and be sued; plead and be impleaded; and contract and be contracted with. The said Commission shall consist of five citizens of the City of Wheeling, who shall be appointed in the manner hereinafter set out and who shall serve without compensation and shall hold no remunerative political

office, either State, County or Municipal; and no member of the Commission shall be eligible to appointment to any remunerative office or position under the jurisdiction of the Commission. The Commissioners in office at the time this Charter becomes effective shall continue in office for the duration of the terms for which they were appointed, and thereafter their successors shall be appointed either by the Board of Directors of the Wheeling Chamber of Commerce or by the City Manager, as the case may be, which appointed the Commissioner whose place is being filled. The respective successors shall be appointed for the term of five years each, excepting that any person appointed to fill a vacancy occurring before the expiration of a term, shall serve only for the unexpired term; any Commissioner shall be eligible for reappointment; provided further, that any vacancy created either by the expiration of a term, or otherwise, shall be filled by the appointing body, either the Board of Directors of the Wheeling Chamber of Commerce, or the City Manager, as the case may be, which appointed the Commissioner whose place on the Commission is being filled. Upon the appointment of said Commission the members thereof shall elect from among their number a Chairman and a Secretary-Treasurer who shall hold office for one year and be eligible for reelection. Annually thereafter the Commission shall organize by the election of a Secretary-Treasurer and such other officers from its own number as it may deem advisable. Members of the Commission may be removed from office in the same manner as provided for the removal of County officers under Section 7, Article 6, Chapter 6 of the Code of West Virginia, 1931, as amended. The Commission shall have all and sole power necessary, convenient and advisable for the proper care, equipment and management of the said Wheeling Park and other parks heretofore and hereafter acquired by the City of Wheeling, either by gift or purchase, and shall make such rules and regulations as it shall deem expedient for the case and management thereof.

In order to provide for the purchase of the equipment for use in Wheeling Park and Oglebay Park (Waddington) and for the maintenance and upkeep of said Wheeling Park and Oglebay Park, the City Council of Wheeling shall levy annually ten cents, or lesser amount, if requested by the Commission, on each one hundred dollars of the assessed valuation of the property within the limits of the City, according to the last assessment thereof for State and County purposes. The proceeds of this ten cent levy shall be for the exclusive use of said Wheeling Park, Oglebay Park and any other parks heretofore or hereafter acquired as aforesaid by the City of Wheeling, and shall be disbursed only upon the order of the commission evidenced by warrants drawn on the City Treasurer, and signed by the Chairman and the Secretary-Treasurer of the Commission.

SECTION 34. LEVY BY CLASS FOR WHEELING PARK COMMISSION.

The annual levy referred to in the foregoing section is hereby defined in light of the Tax Limitation Amendment to the West Virginia Constitution as 1.4 cents for Class I property, 2.8 cents for Class II property, and 5.6 cents for Class IV property on each one hundred dollars of the assessed valuation of the property within the City.

SECTION 35. BOARDS AND COMMISSIONS.

In addition to those boards and commissions discussed elsewhere in this Charter, and without limitation as to those boards and commissions that may be created in the future by appropriate authority, the boards and commissions of the City of Wheeling, as established by the Codified Ordinances of the City of Wheeling, and with such authority and duties as prescribed therein or by statute, are as follows:

Planning Commission, consisting of not less than five nor more than fifteen residents of the City who are qualified by knowledge and experience in matters pertaining to the development of the City, including representatives of business, industry and labor, nominated by the City Manager and confirmed by Council, and three fifths of whom shall have been residents of the City for at least ten years prior to appointment, and one of whom shall also be a member of Council and one of whom shall also be a member of the Administrative Department of the City, whose terms shall be coextensive with the terms of office to which they have been elected or appointed, unless then City Manager or Council, at the first regular meeting of each fiscal year, appoint others to serve as the representatives.

Recreation Commission, consisting of eleven members who shall be residents of the City, and be appointed by the Mayor with the advice and approval of Council, and one or more of whom shall be a woman.

Municipal Civil Service Commission, consisting of three commissioners, appointed by the Mayor with the advice and consent of Council, and who shall be qualified voters of the City and who shall be in full sympathy with the purposes of the article of the City Code relating to civil service.

Municipal Parking Authority, consisting of five members appointed by Council, who shall be residents of the City of Wheeling or Ohio County, and one member only of whom shall be a member of Council appointed for a term which shall expire when the member's term of Council expires.

Municipal Auditorium Board, consisting of seven members appointed by Council without regard to their political affiliations, but with regard to their business and professional experience or standing as residents in the City, who shall be residents of the City, and one member only of whom shall be a member of Council appointed for a term which shall expire when the member's term of Council expires.

Hall of Fame Board, consisting of nineteen members appointed by Council without regard to their political affiliations, but with regard to their knowledge and experience relating to the various categories of persons to be honored in the Hall of Fame, who shall be residents of the

City, and one member only of whom shall be a member of Council appointed for a term which shall expire when the member's term of Council expires.

Human Rights Commission, consisting of nine members, all residents of the City and broadly representative of the several racial, religious and ethnic groups residing within the City, at least one of whom must be a licensed practicing attorney, to be appointed by the Mayor with the advice and consent of Council.

Ohio Valley Regional Transportation Authority, operated by a Board of not less than five nor more than fifteen individuals who shall be appointed for terms of three years by the governing bodies of those municipal and county governments electing to participate in the Authority, with Council to designate by ordinance a member to serve on the Board, who shall be a resident of the City, and who may be a member of Council.

Historic Landmarks Commission, consisting of five members appointed by the City Manager, who shall be residents of the City, a majority of whom shall have demonstrated special interest, experience or education in history, architecture, planning, real estate or law, and at least one of whom shall be a member of Council, whose term shall expire at the same time as the expiration of the member's term of Council.

Centre Market Commission, consisting of five members, appointed by Council, who shall be residents of the City.

Police and Fire Civil Service Commissions, as provided in Articles 14 and 15 of Chapter 8 of the West Virginia Code.

Board of Zoning Appeals, consisting of five residents of the City appointed by the Mayor with the consent of Council, three of whom shall have been residents of the City for at least ten years preceding the date of their appointment, and none of whom shall be members of the Planning Commission or hold any elective or appointive office in the City or Ohio County.

Sign Board of Appeals, consisting of five members, to be appointed by Council, and who shall be residents of the City, and holding no elective or appointed office in the City or Ohio County. Appeal from any decision of the Sign Board shall be by certiorari to the Circuit Court of Ohio County, and there shall be no appeal to Council.

Building Codes Board of Appeals, consisting of five members, appointed by the City Manager, and who shall have been residents of the City for at least one year prior to appointment, with each member to serve five years, or until a successor has been appointed. Each member shall be a licensed professional engineer or architect; or a builder or superintendent of building construction, or a plumbing contractor or superintendent of plumbing systems construc-

tion, with at least ten years' experience, five of which shall have been in responsible charge of work. Not more than two members shall be from the same profession or occupation, and at least one professional engineer shall be a licensed structural or civil engineer with architectural engineering experience; at least one professional engineer shall be a mechanical engineer or a civil engineer with mechanical engineering experience. The City Manager shall also appoint two alternate members who shall be called by the board chairperson to hear appeals during the absence or disqualification of a member. Alternate members shall possess the qualifications required for board membership, and shall be appointed for five years or until a successor has been appointed.

SECTION 36. APPOINTMENT, REMOVAL AND QUALIFICATIONS OF CITY MANAGER.

The City Manager shall be appointed by Council, and shall serve at the pleasure of Council: Provided, That the removal of the City Manager shall require a vote of a majority plus one of the members elected to Council: Provided, further, That if removed at any time after the Manager has served six months, the Manager may demand written charges and the right to be heard thereon at a public meeting of the Council prior to the date on which the final removal shall take effect, but pending and during that hearing the Council may suspend the Manager from office. The action of suspending or removing the City Manager shall be final, it being the intention of this Charter to vest all authority and fix all responsibility for such suspension or removal in the Council. The Council may designate some other officer of the City to perform the duties of the City Manager during the Manager's absence or disability. No person shall be eligible to the office of City Manager who has been convicted of bribery or perjury or a felony or other infamous crime. The Council shall appoint a City Manager solely on the basis of the Manager's executive and administrative qualifications, and the Manager need not be a resident of the City or State when appointed. Neither the Mayor nor any member of Council shall be chosen as City Manager.

SECTION 37. CITY MANAGER, OATH, BOND.

Before entering upon the duties of City Manager, the manager shall make, before someone authorized by law to administer oaths, and file with the City Clerk an oath of affirmation to support and defend the Constitution of the United States and of this State and to perform the duties of the office faithfully, honestly and to the best of the manager's skill and judgment. Before entering unto the discharge of the duties of the office, the City Manager shall give a good and sufficient bond, payable to the City in such amount as may be prescribed by Council but not less than ten thousand dollars, conditioned upon the faithful performance of the Manager's duties, and with a corporate surety authorized to do business within the State; and such bond shall be filed with the City Clerk after being approved as to form and surety by a judge of the Circuit Court of Ohio County. The premium on such bond shall be payable by the City.

SECTION 38. CITY MANAGER, POWERS AND DUTIES GENERALLY.

It shall be the duty of the City Manager to act as chief conservator of the peace within the City; to supervise the administration of the affairs of the City, except as otherwise specifically provided in this Charter; to see that the orders, bylaws, ordinances, acts and resolutions of the Council thereof are faithfully executed and enforced; and to see that the laws of the State are enforced within the corporate limits of the City. It shall also be the duty of the City Manager to make all appointments and removals in the administrative and executive services except as otherwise provided in this Charter, and those appointments and removals shall be made exclusively by theCity Manager without the consultation, advice or approval of the Council or any member thereof; to recommend from time to time to the Council such measures as the Manager may deem necessary for the welfare of the City; to keep the Council advised of the financial condition and future needs of the City; to prepare and submit to the Council the annual budget estimate; to prepare and submit to the Council such reports as may be required by that body, and to perform such other duties as may be prescribed by this Charter or required by ordinance or resolution of the Council. The City Manager shall be responsible to the Council for the proper administration of the affairs of the City by the Manager's subordinates. Except as otherwise provided in this Charter, all other executive and administrative powers conferred by the laws of the State upon any municipal official shall be exercised by the City Manager or persons designated by the Manager. The City Manager shall be vested with discretion in the performance of the Manager's duties, and shall not be subject to direction or control by any member of the Council or any other person or persons. The City Manager shall have the power to remove any officer whom the Manager may appoint, or any employee of the City for whose duties or work the Manager is responsible, unless otherwise provided in this Charter.

SECTION 39. CITY MANAGER CONTRACTS; RATIFICATION

The City Manager shall negotiate and enter into all contracts upon behalf of the City except those of the Park Commission of the City of Wheeling, and as otherwise provided in this Charter or by ordinance. Such contracts to be negotiated and entered into by the City Manager shall be within the limits of the budget, as determined by the purpose and subject matters of the contracts. If any such contract involves the expenditure of more than five thousand dollars, or the performance thereof extends beyond the budget year, or involves the expenditure of money not within the budget, such contract must be ratified by Council, by an ordinance. The City Manager shall report in writing to Council any negotiations and the terms of the contracts requiring their ratification, and the Council may in such cases, alter, amend, ratify or reject any such contract. Any contract executed by the City Manager on behalf of the City in violation of the terms of this section shall not be binding upon the City.

SECTION 40. EXECUTIVE AND ADMINISTRATIVE OFFICIALS; QUALIFICATIONS, BOND, COMPENSATION.

The duties assigned to administrative officers shall be exercised under the supervision of the Manager. In all cases required by ordinance or in which the manager may deem it advisable, the City Manager shall take of any person appointed a bond, payable to the City of Wheeling conditioned on the faithful performance of the person's duties, and in such amount as the City Manager shall deem requisite. Such bonds shall be filed with the City Clerk. No person shall be appointed in the executive or administrative services of the City who has been convicted of bribery, perjury, felony or other infamous crime. But residence within the City at the time of such appointment shall not be a necessary qualification for appointment unless the Constitution of the State shall provide otherwise. If the City Manager or any other officer of the City shall be a member, manager, officer or stockholder of any partnership, business, firm or corporation, which by contract furnishes material and supplies to the City or to any workman or contractor for the City, that shall not of itself constitute a disqualification for office under this Charter. Unless otherwise provided by this Charter or by ordinance, the City Manager shall fix the compensation for all persons in the executive and administrative services of the City, within the limits and terms of the budget.

SECTION 41. COUNCIL SEATS FOR CITY OFFICERS; RIGHTS.

The City Manager and such other officers of the City as may be designated by vote of Council, shall be entitled to seats in the Council. None of those officials shall have a vote in the Council, but the City Manager shall have the right to discuss any matter coming before the Council and the other officers shall be entitled to discuss any matter before the Council relating to their respective departments and offices.

SECTION 42. POLITICAL ACTIVITIES, CONTRIBUTIONS BY OFFICERS, EMPLOYEES; PENALTY.

No person in the executive or administrative services shall directly or indirectly give, solicit or receive, or in any manner be concerned in giving, soliciting or receiving any assignment, subscription, or contribution for any political party or for any candidate. No person in the executive or administrative services of the City shall be an officer or member of any political committee, nor shall such person take an active part in any political campaign. Any violation of this section shall operate to forfeit the office or position held by the person violating the same and shall render any such person ineligible to any municipal office or position for a period of one year.

SECTION 43. APPOINTMENT, REMOVAL OF OFFICERS, EMPLOYEES; RESTRICTIONS ON COUNCIL.

Neither the Council nor any of its committees or members shall interfere in any way with the appointment or removal of any

of the officers or employees in the executive or administrative services. Except for the purpose of inquiry, the Council and its members shall deal with that part of the executive and administrative services for which the City Manager is responsible solely through the City Manager.

SECTION 44. CITY CLERK.

The Mayor, with the advice and consent of Council, shall appoint a City Clerk, to serve at the pleasure of Council. The Clerk shall be charged with the responsibility of keeping the journal of the proceedings of the Council and other municipal records. The City Clerk shall be clerk of, and provide necessary clerical and stenographic services to the Council, its committees, the Civil Service Commissions, and the other Boards and Commissions of the City listed in the Charter.

SECTION 45. CITY DIRECTOR OF FINANCE.

The Mayor, with the advice and consent of Council, shall appoint a City Director of Finance, to serve at the pleasure of Council, and who shall serve as chief financial advisor to the Council and City Manager. The City Director of Finance shall perform the duties as may be prescribed by ordinance and law, consistent with the office.

SECTION 46. ASSISTANT CITY MANAGER.

The Assistant City Manager shall be appointed by the City Manager, and shall serve at the pleasure of the City Manager. The Assistant City Manager shall perform the duties of the City Manager during the Manager's absence, illness or disability, unless Council designates some other person perform such duties, and shall perform such other duties as directed by the City Manager or required by law. The City Manager shall have the discretion to designate some employee of the City having other duties as Assistant City Manager.

SECTION 47. CHIEFS OF POLICE AND FIRE DEPARTMENTS.

The City Manager shall appoint, among other heads of departments, the Chief of Police and the Chief of the Fire Department. The Chief of Police and the Chief of the Fire Department shall hold their offices at the pleasure of the City Manager.

SECTION 48. CITY SOLICITOR; ASSISTANT CITY SOLICITORS.

The City Manager shall appoint a City Solicitor, who need not be a resident of the City of Wheeling. No person shall be eligible to the office who is not an attorney-at-law, duly admitted to practice in this State. The solicitor shall serve the Council, officers, commissioners, and Boards of the City as legal counsel and attorney, and shall represent the City in all pro-

ceedings in court. The solicitor shall act as Prosecuting Attorney in Municipal Court and in reference to all appeals from that Court, and shall perform all other duties which the Council may impose consistent with the office. The solicitor shall appoint assistants and fix their salaries, but the maximum number of assistants and the total amounts of the assistants' salaries shall be fixed by Council. The City Solicitor shall hold office at the pleasure of the City Manager and the assistants shall hold their offices at the pleasure of the City Solicitor.

SECTION 49. PERSONNEL DIRECTOR.

The Personnel Director shall be appointed by the City Manager, and shall serve at the pleasure of the City Manager. The Personnel Director shall advise the City Manager on matters of personnel administration, and shall perform such other duties as directed by the City Manager or required by law.

SECTION 50. LICENSING OFFICER; REVOCATION OF LICENSES.

The City Manager shall appoint a City Licensing Officer, or if the manager sees fit, may require some other City officer to assume the duties of City Licensing Officer. The City Licensing Officer shall issue all City licenses and shall be governed by the provisions of the ordinances relating to licenses and the applicable laws of the State; provided, however, that the officer may, before issuing any license, require the affidavit of any applicant, setting forth that such applicant is a proper party for such license, and that all terms, requirements and conditions of the licensing laws pertaining to the license applied for have been met. Provided further, that the officer may, before issuing any license, make an investigation to determine whether such terms, requirements and conditions have in fact been met. And provided further, that all applications for beer and/or liquor licenses shall be thoroughly investigated by before any such license shall be issued. The City Licensing Officer and/or Council may revoke any license issued by the City Licensing Officer for any violation of law pertaining to such license.

SECTION 51. APPOINTMENT OF MUNICIPAL COURT JUDGE.

The City Manager shall appoint a Judge of Municipal Court, from among the members of the Ohio County Bar, who need not be a resident of the City of Wheeling.

SECTION 52. JUDGE TO APPOINT CLERK; DEPUTY CLERK.

The Judge of the Municipal Court shall appoint a Clerk of the Municipal Court who shall have the powers and duties set forth in Section 57 of the Charter. The Judge shall also appoint a Deputy Clerk who shall perform such duties as prescribed by the Judge. The Deputy Clerk shall perform the duties of the Clerk during the Clerk's absence, illness or disability.

SECTION 53. DUTIES OF MUNICIPAL COURT JUDGE; TEMPORARY JUDGE.

The Judge of the Municipal Court shall preside over that Court and try and determine all cases over which that Court has jurisdiction. In the event of the Judge's temporary absence or disability, the City Manager shall appoint a member of the Ohio County Bar to preside over the Court, and perform the duties of the Judge thereof, during the absence or disability of the regular Judge, and the Judge's salary shall be transferred to and paid the temporary Judge for the time of service as such Judge.

SECTION 54. JURISDICTION OF MUNICIPAL COURT.

The Judge of the Municipal Court shall have jurisdiction over all offenses against, or violation of, the ordinances of the City, and full authority to punish in any manner lawfully prescribed by such ordinances, the offenders against or violators of the same.

The Judge of the Municipal Court shall have the same misdemeanor criminal jurisdiction and powers within the City of Wheeling as is now provided by law for magistrates elected in Ohio County.

SECTION 55. PROCEEDINGS IN MUNICIPAL COURT.

The proceedings for the recovery of the fines or for the enforcement of the penalty prescribed by any ordinance shall conform to the regulations so far as they are applicable, prescribed in the Code of West Virginia for proceedings before magistrates.

SECTION 56. ENFORCEMENT OF MUNICIPAL COURT ORDERS; JUDGMENTS; EXECUTION OF PROCESS; FEES.

The Court shall have full power and authority to enforce its orders and judgments, by any process of law which may be necessary and proper for the purpose, and all processes, executions and orders of the Court shall be signed by the Judge or Clerk thereof. Such process and executions shall be directed to the Chief of Police of the City, and be executed by the Chief or one of the Police Officers. In the execution of any process or order of the Court, the Chief of Police or officer shall have the same powers, be governed in these proceedings by the same rules of law, and be subject to the same liabilities as the Sheriff of Ohio County, West Virginia, in the performance of like services. There may be charged for the services of such officer the same fees as the Sheriff is entitled to charge for like services, but all such fees, as well as all fines imposed by the Court, shall be collected by the Chief of Police, and accounted for and paid by the Chief to the Finance Director of the City. The City shall in no event be liable for any such fees.

SECTION 57. POWERS AND DUTIES OF MUNICIPAL COURT CLERK; FEES.

The Clerk of the Court shall have authority to administer oaths within the City and shall perform such duties as may be required by the Judge of the Court, or be prescribed by rule or order of the Council. Such Clerk may charge the same fees for the Clerk's services as are now allowed to be charged by magistrates for like services, and such fees shall be collected; but all such fees shall be accounted for by the Clerk to the City and paid over to its Finance Director.

SECTION 58. MUNICIPAL COURT RECORDS AND CERTIFICATES, EFFECT; SEAL.

A docket and other books required for the records and a seal shall be provided for the Court by the Council, and the seal may be altered or renewed as the Court may direct. Full faith and credit shall be given to the records of the Court, and the certificates of its Judge or Clerk, whether the seal of the Court be affixed thereto or not, in like manner and with the same effect as if the same were records of the Circuit Court or certificates of the Judge of a Circuit Court similarly authenticated.

SECTION 59. PAYMENT OF MUNICIPAL COURT COSTS.

The Municipal Court shall have power, upon rendering judgment against a defendant charged with the violation of an ordinance of the City, to render judgment against the defendant also for the cost of prosecution.

SECTION 60. APPEALS FROM MUNICIPAL COURT: BOND.

From the judgment of the Municipal Court in any case in which there is unpaid a fine of ten dollars or more, or imprisonment, or both, or in any case involving the validity of an ordinance of the City, an appeal shall lie as a matter of right, to the Circuit Court of Ohio County, either on behalf of the defendant or the City, and in any case where a fine is imposed, on demand of the defendant, such fine must be fixed at not less than ten dollars, so that such appeal may be taken; but no defendant shall be entitled to such appeal until and unless the defendant executes before the Municipal Court, or its Clerk, bond in such penalty, not exceeding five hundred dollars, as the Municipal Court may prescribe, conditioned for the performance of the judgment or order of the Circuit Court of the County made or rendered upon such appeal. Every such bond shall be with security approved by the Municipal Court or its Clerk; but in any case in which an appeal is taken or granted on behalf of the City, no bond or security shall be required. Every such appeal shall be proceeded within the Circuit Court in the same manner as is provided by law for the proceedings in such Circuit Court, in cases appealed from Magistrates. If on such appeal judgment be against the appellant, it shall also be against the sureties on

the appeal bond for costs, and for any fine or pecuniary penalty adjudged against the defendant. No such appeal shall be allowed after ten days from the date of any final order or judgment desired to be appealed from.

SECTION 61. STATE CIVIL SERVICE LAWS APPLICABLE TO POLICE AND FIRE DEPARTMENT.

The provisions of the general laws of West Virginia which require and provide civil service in and for municipal fire and police departments in this State, and which do not exclude Wheeling from the operation thereof, shall apply to the Fire and Police Departments of Wheeling.

SECTION 62. CIVIL SERVICE ORDINANCE.

The Civil Service ordinance of the City of Wheeling in effect on the date of the adoption of this section shall not be altered or amended in any material respect except by the vote of a majority plus one of all of the members elected to Council. Such ordinance shall not be repealed except by the majority vote of the qualified voters of the City who vote on the issue at a general or special municipal election.

SECTION 63. ANNUAL AUDIT OF BOOKS AND ACCOUNTS; PUBLICATION.

At the end of each fiscal year the City Council shall cause a full and complete examination of all the books and accounts of the City to be made by the Finance Director or by other competent accountants and shall publish the result of such examination in connection with the annual City financial statement required by law.

SECTION 64. AUDIT OF BOARDS AND COMMISSIONS.

All boards and commissions of the City of Wheeling listed in this Charter that receive or disburse money independent of the City Finance Department shall be audited by an independent certified public accountant and the audit report shall be filed with the City Clerk not later than 90 days after the end of the fiscal year of the board or commission.

SECTION 65. FISCAL YEAR FIXED BY ORDINANCE.

The fiscal year of the City of Wheeling shall be fixed by ordinance.

SECTION 66. TRANSCRIPT OF COUNTY ASSESSMENT TO COUNCIL.

The County Assessor or other officer assessing property in Ohio County for taxation for State and County purposes, shall furnish to the Council of the City of Wheeling, a transcript of the assessment of real and personal property within the City

liable to taxation by the State, on or before the first day of August of each year, and shall receive such compensation therefor as may be fixed by Council.

SECTION 67. WATER RENTS; COLLECTION; DELINQUENCY.

Water rents shall be distrained for and collected in the same manner as taxes owing to the City may be enforced. The collection of water rents shall also be enforced by shutting off the supply of water from delinquents, and the refusal thereafter to furnish water to delinquents until all arrearages are paid.

SECTION 68. SUITS FOR COLLECTION OF TAXES.

In addition to all other means for the collection thereof, all taxes and water rents, as well as all other demands due to the City, may be recovered by an appropriate suit or proceeding, in the name of the City, before any magistrate of Ohio County, if the amount be within the magistrate's jurisdiction, or in the Circuit Court of Ohio County, if within the jurisdiction of Circuit Court.

SECTION 69. CITY EXPENDITURES IN EXCESS OF AUTHORITY; PENALTY.

No disbursing officer of the City shall issue any order or check for the payment of money for any work, matter or thing contracted for or ordered by the Council or any officer or employee of the City which shall have been so contracted for or ordered wholly or in part in excess of the amount which shall have been previously set by ordinance or resolution as the limit of expenses of the department to which such work, matter or thing belongs, or in excess of the amount available in the City treasury for such payment. The foregoing provision of this section is intended as a restraining provision, and it is further declared that no act of such disbursing officer shall be in anywise held to render valid any debt contracted by or on behalf of the City in violation of the Constitution and laws of the State. Any such officer of the City who shall violate this section, shall upon conviction, be subject to such fine and imprisonment as shall be fixed by the court, and shall be disqualified from holding office.

SECTION 70. LIMITATION ON CITY INDEBTEDNESS.

No debt shall be incurred by the City even with the consent of the voters, to an amount, including existing indebtedness, in the aggregate exceeding amount fixed by law of the State of West Virginia.

SECTION 71. ISSUANCE AND SALE OF BONDS; PENALTY; ADVISORY COMMITTEE.

The City of Wheeling is hereby authorized to issue and sell its bonds; provided, that the City shall not by such issue and

sale of bonds cause the aggregate of its debts of every kind whatsoever to exceed five percent of the valuation of the taxable property therein, which value shall be ascertained by the last assessment for State and County taxes previous to the issue of said bonds, nor shall said City make such issue and sale without at the same time providing for the collection of a direct annual tax of an amount sufficient to pay the annual interest of such debt and the principal thereof within and not exceeding thirty-four years.

No bonds shall be issued by said City unless all questions connected with the same shall have been first submitted to the qualified voters of said City and have received three-fifths of all votes cast for and against the same.

When the Council shall deem it expedient to issue bonds, an ordinance specifying the purpose and amount for which such bonds are to be issued, shall be adopted by them at a regular meeting and it shall then be the duty of the Mayor of the City to issue a proclamation reciting said ordinance and appointing a day at which an election shall be held by the qualified voters of the City to decide whether they will ratify or reject said ordinance. Any bond ordinance may be voted on at the time of holding any general municipal election or a special election may be held for the purpose of submitting said ordinance to a vote of the people. If a bond ordinance is submitted to a vote at the time of a general municipal election, separate ballots shall be provided therefor. Such proclamation shall be published in two morning newspapers published in the City, once a week for two successive weeks previous to the day of the election.

More than one ordinance may be submitted at any election, but each ordinance shall be separately voted upon; any ordinance may specify more than one purpose for which said bonds are to be issued; provided, however, that the amount to be appropriated for each purpose is also specified therein. The proclamation issued by the Mayor, as hereinbefore provided, shall specify the aggregate amount of indebtedness, outstanding and authorized, of the City existing at the date of the proclamation.

Bonds issued by the City shall be of the denomination of one hundred dollars or multiples thereof, not exceeding one thousand dollars. They shall be payable not less than one nor more than thirty-four years after date. They shall bear not more than six percent interest and the interest shall be payable annually or semi-annually. No debt shall be created by the City as a bonded debt except when issued under the provisions of this Charter.

It shall be unlawful for the officers of the City to privately issue or sell directly or indirectly any bond or bonds to be used in payment for work or material to be furnished, but all such bonds shall be publicly sold to the highest bidder in writing to be approved by the officers conducting the sale, for cash, or its equivalent in bonds previously issued by the City, and the money arising therefrom shall be used for the purpose specified in the ordinance providing for the issuing of the same; before any sale of such bonds, said sale shall be advertised in some newspapers, not exceeding four, in or out of said City, once a week for four weeks previous to said sale.

The Finance Director of the City of Wheeling and his sureties shall be liable for the sinking fund and the amount levied or may be levied for a sinking fund and to pay interest on the bonded debt, and it shall be applied to the purposes for which it was levied or for investment in United States bonds or bonds of the City, as the Council may direct, to be used for the payment of principal and interest of any bonded debt of the City.

Bonds of the City shall not be sold at less than their par value. The Council shall provide in its ordinance that bonds of the City be signed by the Mayor and City Clerk and sealed with the seal of the City.

Should any of the funds derived from the issuance and sale of bonds of the City be diverted by the Council or any officer or officers of the City from the purpose for which said bonds were issued and sold, such members of Council or City officer using same or consenting to or aiding in the use thereof for such other purpose, shall be guilty of a misdemeanor and punished by fine of not less than one hundred dollars or more than five hundred dollars, or by imprisonment for not less than thirty days nor more than one year, or both fine and imprisonment.

The city may issued and sell its bonds for any purpose for which a municipality may issue bonds. After the Council shall have passed an ordinance providing for the submission of a bond issue to the voters of the City, the Mayor, with the consent and approval of Council, shall appoint a committee consisting of not less than five residents and citizens of the City of Wheeling, which committee shall act in an advisory capacity with the City Council in all matters relating to the issuance and sale of such bonds, and with the City Manager in awarding of contracts and expenditures of the funds derived from a sale of such bonds. The names of the members of such committee shall be published in the proclamation issued by the Mayor prior to the holding of the election on any such bond issue.

SECTION 72. CITY DEPOSITORIES.

The Council shall provide by ordinance for the deposit of all public moneys of the City in such bank situated with the City as Council shall designate by ordinance. Before any public moneys shall be deposited in such bank it shall give a good and sufficient bond to the City to secure the accounting for and due payment over of such public moneys, with security approved by the Council. The security shall always be in a sum not less than ten percent in excess of the maximum amount at any time deposited, but there shall not be deposited in any one bank an amount in excess of the paid-in capital stock and surplus of such bank, and not in any event an amount in excess of three million dollars. As to any deposits made under authority of an ordinance of the Council, passed pursuant to this section, neither the depositing officer nor other persons so depositing, nor such officers' sureties, shall be liable for any loss occasioned by the deposit or in any wise growing out of it.

SECTION 73. ACCOUNT AND SETTLEMENT OF MONEYS COLLECTED.

All officers of the City of Wheeling who shall collect or receive, or whose official duty it is or shall be, to collect, receive, hold or pay out any money belonging to, or which is or shall be for the use of the City, shall make annual account and settlement therefor. Such settlement when made shall be subject to exceptions, and shall take such direction and have only such force and effect as may be provided by law; but in all cases such settlements shall be recorded and be open to examination of the people at such convenient place or places as may be appointed by ordinance of the City.

SECTION 74. RECALL OF MEMBER OF COUNCIL.

Any member of Council may be removed from office by the following procedure: a petition signed by at least ten percent of the qualified voters of the City shall be filed with the City Clerk, which petition shall contain a general statement of the grounds for which the removal is sought. Such petition shall be submitted, examined and certified in a manner provided in this Charter, and if such petition be deemed sufficient by the City Clerk, the Clerk shall certify the same to the City Council without delay. Upon receipt of such petition the Council shall order and fix a date for holding a special recall election, not less than thirty days nor more than fifty days from the date of the Clerk's certificate. The Council shall publish notice of the election once a week for three successive weeks in two newspapers of general circulation in the City. The ballot for such recall election shall be substantially of the following form and effect:

OFFICIAL BALLOT

.....day of....., 19....
Special recall election for the removal of A.B.....

____ For the recall of A.B.....
____ Against the recall of A.B.....

Should a majority of the votes cast be in favor of recalling the member of Council, subject to this provision, such member of Council shall forthwith forfeit the Council seat and the Council shall, at its next meeting following the recall election, appoint a successor to such office for the unexpired term of same. If a recall petition bears the signatures of five thousand qualified voters of the City when certified to Council, the member of Council named therein shall be suspended from office pending the result of the recall election.

The method of removal shall be cumulative and in addition to any other methods of removal provided by law. No recall petition shall be filed within ninety days succeeding or preceding any regular Council election.

SECTION 75. BRIBERY OF CITY OFFICIALS.

Any person who shall bribe, by directly or indirectly giving to or bestowing upon a member of the Council of the City, or other officer thereof, any money, testimonial or other valuable thing, or do any act beneficial to such officer, in order to influence the officer in the performance of any official or public duties, shall be deemed guilty of a felony in accordance with Chapter 61 of the West Virginia Code, and shall, moreover, be forever disqualified from holding any office or position of honor, trust or profit in the City.

SECTION 76. ATTEMPTED BRIBERY OF CITY OFFICIALS.

Any person attempting to bribe, by offering or proposing to give any officer or member of Council of the City of Wheeling money, testimonial or other valuable things, or to do any act beneficial to such officer or member of Council in the performance of any official or public duties, shall be deemed guilty of a felony in accordance with Chapter 61 of the West Virginia Code, and shall, moreover, be forever disqualified from holding any office of honor, trust or profit in the City.

SECTION 77. DEMANDING OR RECEIVING BRIBE BY CITY OFFICIAL.

If any member of the Council of the City of Wheeling, or other officer of the City shall demand or receive from any corporation, company, firm or person, any money, testimonial or other valuable thing, for the performance of any official or public duties, or for refusal or failure to perform the same, or for any vote or influence given or withheld as such member of Council or other officer, or for making any particular nomination or appointment, that person shall be deemed guilty of a felony in accordance with Chapter 61 of the West Virginia Code, and shall, moreover, be forever disqualified from holding any office of honor, trust or profit in the City.

SECTION 78. GENERAL PENALTY FOR CHARTER VIOLATIONS.

Any person who shall violate any of the provisions of this Charter, for the violation of which no punishment has been provided herein, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine not exceeding five hundred dollars, or by imprisonment in the County jail not exceeding thirty days, or by both such fine and imprisonment.

SECTION 79. CERTIFIED COPIES OF ORDINANCES; PRIMA FACIE EVIDENCE OF LAW.

All copies purporting to be copies of the ordinances of the City, or extracts from the journal or minutes of the Council, which shall be printed by the authority of the Council, or which shall be certified to be true and correct by the Clerk of the City under the seal thereof, shall be received by all courts and

magistrates of this State as prima facie evidence of the tenor of such ordinances and of the acts and proceedings of the Council therein set forth.

SECTION 80. FEES OF OFFICIALS TO BE PAID INTO CITY TREASURY.

All fees and money paid to an officer of the City, for an official service, shall belong to the City and be paid at once into the City Treasury by such officer, the salary or compensation given by the City to its officers respectively, being all the compensation they shall be entitled to for an official service.

SECTION 81. REQUIREMENTS FOR PETITIONS ISSUED UNDER CHARTER.

Signatures to petitions provided in this Charter need not be appended to one paper, but each paper bearing signatures shall state, at the top thereof, the purpose of the petition, and there shall be attached thereto the affidavit of the circulator thereof stating that each signature was made in the circulator's presence on the date specified and is the genuine signature of the person whose name it purports to be, and, in cases requiring signatures of qualified voters, that such person is to the best of the circulator's knowledge and belief a qualified voter of the City of Wheeling. Opposite each signature is to be given the place of residence in Wheeling of each signer, by street and number where possible, and the date such persons signed the petition. All separate papers comprising a petition shall be assembled and filed with the City Clerk as one instrument. Upon receiving any petition, the City Clerk shall immediately examine the same, and if found to contain the number of valid signatures requisite for the purpose specified therein and that it complies with the requirements hereof, shall certify such petitions to be in good form and shall forthwith transmit such petition to the Council. If such petition does not contain the requisite number of valid signatures or fails to comply with the requirements hereof in any other respect, the City Clerk shall state in writing the defect or defects therein and shall return it to the party who filed it. If the petition is returned to the City Clerk within ten days thereafter, and then is found to meet the requirements hereof, the City Clerk shall certify same to be in good form, and shall transmit same to the Council forthwith. The Council may allow the City Clerk such reasonable sum as may be necessary to secure any additional help required to assist in the examination of any petition or petitions, or the City Manager may be directed to assign to the City Clerk competent City employees for such purpose. This section shall not apply to nominating petitions except as to the examination thereof.

SECTION 82. SEPARABILITY.

If any provision of this Charter be held to be unconstitutional or invalid, this shall not affect the validity, force or effect of any other provision.

SECTION 83. INCONSISTENT ACTS REPEALED.

All acts and parts of acts inconsistent herewith are hereby repealed.

SECTION 84. TRANSITION.

The members of Council representing the former First, Third, Fifth, Seventh and Ninth Wards elected in May of 1990, and the members of Council representing the former Second, Fourth, Sixth and Eighth Wards elected in May of 1992, and the Mayor and Vice Mayor to be elected by those members of Council in June of 1992, shall serve until their successors are elected and qualified and take office on December 1, 1992.

CHARTER OF THE CITY OF WHEELING

SECTION 1. POWERS AND RIGHTS OF CITY AS CORPORATE BODY.

The inhabitants of the portion of the Counties of Ohio and Marshall, in the State of West Virginia, within the limits of the City of Wheeling, as they now are, or as they may hereafter be, shall be and continue a body politic and corporate, by the name and style of "The City of Wheeling," and as such, and by that name, shall have perpetual succession, and may contract and be contracted with, sue and be sued, plead or be impleaded, answer and be answered unto, and may purchase, acquire by condemnation proceedings for public use, take, receive, hold and use goods and chattels, lands and tenements and choses in action, or any interest, right or estate therein, either for the proper use of the City, or in trust for the benefit of any person or association therein; and the same may grant, sell, convey, transfer and assign, let, pledge, mortgage, charge and encumber, in any case and in any manner in which it would be lawful for private individuals so to do, except where its powers may be limited by law; and may have and use a common seal, and alter and renew the same at pleasure; and generally shall have all the rights, franchises, capacities and powers appertaining to municipal corporations in this State.

All real and personal estate, and all funds, rights, titles, taxes, credits and claims, and rights or action owned by the City of Wheeling immediately before this Charter takes effect or which are then held in trust or have been appropriated for the use or benefit of the City or of the inhabitants thereof, shall be and the same are hereby transferred to and vested in the City of Wheeling under this Charter.

SECTION 2. POWERS OF LOCAL SELF GOVERNMENT AND HOME RULE.

The City of Wheeling shall have each and every authority and power granted to it by this Charter and any power or authority heretofore conferred on it by the Legislature by general, special or local law or municipal charter or parts thereof not inconsistent with the Constitution or general law of the State. The City of Wheeling shall also have all powers granted to municipalities under the Constitution and Statutes of the State of West Virginia, including all powers of local self-government and home rule granted by Chapter 8 of the Code of West Virginia, as amended, as well as any powers and authority fairly incidental thereto or reasonably implied and within the purpose thereof. All such powers shall be exercised in the manner prescribed by this Charter and, if not prescribed herein, in such manner as shall be provided by ordinance of Council.

SECTION 3. LEGISLATIVE POWER OF COUNCIL; FINES AND PENALTIES FOR VIOLATION OF ORDINANCES.

All legislative powers of the City shall be vested, subject to the terms of this Charter and of the Constitution of the State, in the Council. The Council shall have authority to pass all ordinances necessary and proper to carry into full force and effect any power, capacity, authority, or jurisdiction which is or shall be granted to or fixed in the City or in the Council or in any officer of the City, and to provide for the enforcement of any or all of their ordinances by reasonable fines and penalties, or by imprisoning offenders against such ordinances, or by any or all of those modes; provided, however, that no person shall be imprisoned more than 30 days or fined more than five hundred dollars for any one offense.

SECTION 4. FORM OF GOVERNMENT.

The form of government of the City of Wheeling shall be the Manager-Mayor Plan, as set forth as Plan V in W.Va. Code Sec. 8-3-2, whereby there shall be a Council of six members, elected from such geographic districts as are hereinafter provided (hereinafter sometimes called "Wards"), which districts the Council may change, from time to time, without amending the Charter: Provided, That the change of such districts shall not take effect during the terms of office of the members of such Council making such change. There shall be a Mayor elected at large by the qualified voters of the City as hereinafter provided, who shall serve as a member and the presiding officer of the Council; and a City Manager who shall be appointed by the Council. The Council shall be the governing body. The Manager shall be the administrative authority. The Manager shall manage the affairs of the City under the supervision of the Council and shall be responsible to the Council. The Manager shall appoint or employ, in accordance with Chapter 8 of the West Virginia Code and this Charter, all subordinates and employees for whose duties or work the Manager is responsible to Council.

SECTION 5. WARDS.

(a) Wards. The City shall be divided into six wards, embracing the territory included in precincts established by the Ohio and Marshall County Commissions as follows:

First Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 4, 5, and 24.

Second Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 28 (partial), 36, 60, and 69.

Third Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 28 (partial), 77, 100, 102, 103, and 104.

Fourth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 16, 20, 31, 113, 116, and 120.

Fifth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 124, 125, 127, and 129.

Sixth Ward - embracing all that territory within the City of Wheeling which is now included in Precinct Numbers 130, 135, 137, 141, 148 and Marshall County Precinct No. 39. (Ord. 12436. Passed 2-3-04.)

(b) Ward boundary changes. Changes in the boundaries of the wards may be made by Council by ordinance from time to time, but in making such changes regard must be had for the compactness of the territory and in equalizing the number of inhabitants of the several wards.

(c) Ward meetings. Each member of Council shall hold a public meeting in the ward represented by that member not less than annually to hear concerns of residents of the ward.

SECTION 6. ELECTIONS.

A special City election of the Mayor and members of Council shall be held on November 3, 1992. Regular City elections of the Mayor and members of Council shall be held on the second Tuesday of May, 1996, and the second Tuesday of May of each fourth year thereafter.

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Nicholas A. Sparachane, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Mayor of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 6th day of July, 2004.

Nicholas A. Sparachane

Subscribed and sworn or affirmed to before me, in said County and State, this 6th day of July, 2004.

James Mazzone, Judge, First Judicial Circuit
of West Virginia

CITY OF WHEELING

CITY COUNTY BLDG., 1500 CHAPLINE STREET
WHEELING, WEST VIRGINIA 26003

OATH OF OFFICE

STATE OF WEST VIRGINIA]
] TO WIT:
COUNTY OF OHIO]

I, **Robert D. Herron, Jr.**, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, West Virginia; that I will perform faithfully, honestly and impartially the duties of the position of **City Manager** to the best of my skill and judgment.

SWORN TO AND SUBSCRIBED TO BEFORE ME
THIS 25TH DAY OF FEBRUARY 2002.

CITY CLERK

CITY OF WHEELING

WHEELING, WEST VIRGINIA 26003

OATH OF OFFICE

STATE OF WEST VIRGINIA]
] TO WIT:
COUNTY OF OHIO]

I, Janice L. Jones, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, West Virginia; that I will perform faithfully, honestly and impartially the duties of the position of City Clerk to the best of my skill and judgment.

Janice L. Jones

SWORN TO AND SUBSCRIBED TO BEFORE ME,
THIS 7TH DAY OF SEPTEMBER, 1994.

Mayor

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Vernon E. Seals, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Vernon E. Seals

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First Judicial Circuit of West Virginia

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Michael Nau, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Michael Nau

Michael Nau

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First
Judicial Circuit of West Virginia

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Robert "Herk" Henry, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Robert Herk Henry

Robert "Herk" Henry

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First Judicial Circuit of West Virginia

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Gloria Delbrugge, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Gloria Delbrugge

Gloria Delbrugge

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First Judicial Circuit of West Virginia

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Barry D. Crow, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Barry D. Crow

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First
Judicial Circuit of West Virginia

STATE OF WEST VIRGINIA

COUNTY OF OHIO, TO WIT:

I, Brent A. Bush, do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member of Council of the City of Wheeling to the best of my skill and judgment.

Given under my hand this 1st day of July, 2004.

Brent A. Bush

Subscribed and sworn or affirmed to before me, in said County and State, this 1st day of July, 2004.

Arthur M. Recht, Judge, First
Judicial Circuit of West Virginia

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 4, 2006

FINAL

5-24-06

CASE NO. 05-1807-W-CN

CITY OF WHEELING
Application for a certificate convenience and necessity to construct improvements to its water distribution system facilities located within its service territory.

CASE NO. 06-0044-W-MA

CITY OF WHEELING
Investigation and suspension of increase in water rates and charges as a result of petitions filed in accordance with *West Virginia Code* §24-2-4b.

RECOMMENDED DECISION

PROCEDURE

Case No. 05-1807-W-CN

On December 27, 2005, the City of Wheeling (Wheeling), a municipal corporation, Ohio County, submitted an application under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory. The Commission designated this certificate case as Case No. 05-1807-W-CN. Wheeling has estimated that the total project will cost approximately $12,000,000, to be funded with tax-exempt revenue bonds to be issued by Wheeling. Wheeling indicated that its December 20, 2005 rate ordinance, which is the subject of Case No. 06-0044-W-MA, would generate rates necessary to cover the increased operation and maintenance expenses and increased debt service obligations resulting from the project.

By the December 27, 2005 Notice of Filing, the Commission directed that Wheeling publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Ohio County, providing a 30-day protest period. On January 11, 2006, Wheeling submitted a publication affidavit indicating that, on January 6, 2006, the *Wheeling News-Register*, a newspaper published and generally circulated in Ohio County, published the Notice of

Filing. Among other things, the Notice of Filing provided a 30-day protest period and provided that, if no protests were received within the protest period, the Commission may waive the formal hearing process and rule on the certificate application based upon its review of the information submitted with the application. On January 18, 2006, Wheeling submitted a publication affidavit indicating that, on December 30, 2005, the *Moundsville Daily Echo*, a newspaper published and generally circulated in Marshall County, also published the Notice of Filing.

On January 17, 2006, the Village of Bethlehem (Bethlehem), the Town of Triadelphia (Triadelphia), the Village of Valley Grove (Valley Grove) and the Ohio County Public Service District (District), submitted a letter of protest and petitioned the Commission for Intervenor status in the certificate case. No other letters of protest or objection to the project have been submitted to the Commission.

On February 3, 2006, Staff Attorney Cassius H. Toon submitted the Initial Joint Staff Memorandum, attaching the February 1, 2006 Initial Internal Memorandum from Utilities Analyst Scott McNeely, Water and Wastewater Division, and Staff Engineer Jonathan Fowler, P.E. Staff suggested tolling the statute in the certificate case to permit Staff enough time to fully investigate the matter.

Also on February 3, 2006, Staff Attorney Toon submitted two motions, one to consolidate Case Nos. 06-0044-W-MA and 05-1807-W-CN and the other to extend the decision due date and the filing deadline for the Staff report. On February 6, 2006, the District submitted a letter objecting to Staff motions to extend the decision due date and the Staff report due date.

By the February 8, 2006 Commission Referral Order, the Commission referred Case No. 05-1807-W-CN to the ALJ Division for decision no later than July 25, 2006.

On March 1, 2006, Wheeling submitted several documents which Staff required for its investigation.

Case No. 06-0044-W-MA

On December 20, 2005, Wheeling adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective February 3, 2006. Wheeling published a notice of these rates, and, pursuant thereto, on or about January 17, 2006, Bethlehem, the District, Triadelphia and Valley Grove, all of which are resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's December 20, 2005 rate ordinance, alleging discrimination to their respective customers. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, by the January 18, 2006 Commission Order Suspending Rates and Referring to Administrative Law Judge (Order), the Commission invoked its jurisdiction over the municipal appeal. The Commission designated this municipal appeal proceeding as Case No. 06-0044-W-MA.

By said January 18, 2006 Order, the Commission made Wheeling a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m., June 3, 2006, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the supporting data filed with the rate ordinance and to provide time for Commission Staff to make reports concerning the matters involved in this proceeding. Also, the Order referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before May 4, 2006, effectively 29 days prior to the end of the statutory suspension period, since June 3, 2006, is a Saturday. Finally, the Order directed Commission Staff to file its report on or before March 21, 2006.

On February 24, 2006, Melissa K. Marland, Chief Administrative Law Judge, issued a Procedural Order appointing the undersigned Deputy Chief Administrative Law Judge (ALJ), Ronnie Z. McCann, to review the grievances raised by the petitioners in this proceeding, to conduct a hearing and to issue a recommended decision on the matters involved in this proceeding.

Responding to all of the above, by Procedural Order issued on February 24, 2006, the ALJ adopted a procedural schedule to process and resolve the municipal appeal, including a Friday, March 24, 2006 hearing date.

Consolidation

On March 10, 2006, Staff Attorney Toon submitted a letter withdrawing Staff's motions to extend the decision due date or to extend the Staff report due date. The ALJ contacted Staff Attorney Toon by telephone to make sure that he understood Staff's current position. Staff Attorney Toon indicated that Staff wanted to expedite the certificate application by consolidating it with the municipal appeal case, indicating that Staff would have its report for the certificate case prepared in time for the March 24, 2006 hearing scheduled in the municipal appeal.

Responding to all of the above, by the March 13, 2006 Order Consolidating Cases, the ALJ consolidated Case Nos. 06-0044-W-MA and 05-1807-W-CN for hearing and decision, thereby indicating that he would use the earlier May 4, 2006 decision due date for both cases and would grant the motion from Bethlehem, the District, Triadelphia and Valley Grove for Intervenor status in this consolidated proceeding. Finally, the March 13, 2006 Order confirmed that the pertinent part of the procedural schedule adopted for the municipal appeal case will be used for the certificate case, including the March 24, 2006 hearing date.

On March 24, 2006, the ALJ convened the hearing as scheduled. Wheeling appeared at the hearing by counsel, Robert R. Rodecker, Esquire; the Intervenors appeared by John P. Bailey, Esquire; and Commission Staff appeared by Staff Attorney Cassius H. Toon, Esquire.

Wheeling presented the testimony of four witnesses and presented 11 exhibits. Commission Staff presented the testimony of two witnesses and presented three exhibits. The Intervenors cross-examined the other parties' witnesses and presented two exhibits.

After the hearing, the parties availed themselves of their opportunities under *West Virginia Code* §24-1-9(b) to submit proposed orders, proposed findings of fact and conclusions of law, briefs and replies, all of which the ALJ considered, together with all of the evidence presented, prior to rendering this Recommended Decision.

EVIDENCE

Before any of the witnesses present testified, the parties stipulated the prepared direct testimony of Marie Prezioso, who could not attend the hearing, into evidence as Wheeling Exhibit No. 1. Ms. Prezioso, the Senior Vice President and Manager of the West Virginia Public Finance Department of Ferris, Baker Watts, Inc., testified that she works as a public finance investment banker, providing daily services to a wide range of municipal bond issuers across the state, including structuring, underwriting and advisory services for essential purpose projects, as well as for private purpose projects, through issuing taxable and tax-exempt bonds. Ferris, Baker Watts, Inc., serves Wheeling as an underwriter for the proposed issuance of bonds. As the banker for this transaction, Ms. Prezioso has prepared analyses and structures for different financing options for Wheeling. She plans to prepare and submit information to bond insurers and/or rating agencies. She will review bond documents and prepare the transaction for market. Ferris, Baker Watts, Inc., will underwrite and distribute the proposed bonds and will arrange for the delivery and settlement of the bonds and the investment of bond proceeds. (Wheeling Exhibit No. 1, pp. 1-2).

Ms. Prezioso has advised Wheeling that, since Rural Utilities Service (RUS) financing or other low or below-market value financing is not available to Wheeling, based on today's market, since Wheeling has a history of obtaining "AAA/Aaa" bond insurance, issuing "AAA/Aaa" insured bonds would provide the lowest borrowing cost for Wheeling's proposed project. Ferris, Baker Watts, Inc., would market the proposed transaction through a public issuance of bonds. Should "AAA/Aaa" insurable bonds not be obtainable, she would pursue other alternatives for issuing the bonds. (Wheeling Exhibit No. 1, p. 2).

Ms. Prezioso indicated that Wheeling plans to issue bonds not to exceed the amount of $12,000,000, bearing interest at a rate not to exceed 6.5%, with a final maturity of approximately 30 years. Based on her professional experience, she opined that the proposed financing is reasonable. She is aware that Wheeling also has borrowed $1,500,000 for designing the project. That bank loan will be paid off with proceeds from the bond issuance. She opined that the short-term design loan also is reasonable. (Wheeling Exhibit No. 1, pp. 2-3).

The first witness at the hearing who testified was William F. Huggins, the Superintendent of Wheeling's water department, who identified his prepared direct testimony, which the ALJ received as Wheeling Exhibit No. 2. Mr. Huggins is responsible for the day to day operation of Wheeling's

water utility. Mr. Huggins prepares Wheeling's annual budget for operating the water department. Mr. Huggins opined that the rates contained in Wheeling's rate ordinance are necessary to generate the revenues needed by Wheeling to operate its public water utility. Those rates will generate revenues sufficient to cover all of Wheeling's operation and maintenance (O&M) expenses and the debt service related to the project, including the design loan. In recent years, Wheeling tried to keep its rates low, but ended up not receiving revenues sufficient to enable it to provide the necessary O&M to its system or to upgrade its system. The project includes replacing several water mains and eliminating dead-ends to certain water lines, as well as replacing some of the water treatment plant and rehabilitating other parts of the treatment plant. The rate ordinance contains rates that may be lower than the amount needed to accomplish all that Wheeling needs to accomplish, but Wheeling has prioritized the needed projects and will concentrate on meeting the greatest needs first. (Tr., p. 15-16; Wheeling Exhibit No. 2, pp. 1-4).

Mr. Huggins explained a couple of issues that he has with Commission Staff's final recommendation. First, he disagreed with the Staff-recommended tap fee. He opined that the tap fee should be a little higher than the Staff-recommended amount and that it should be a round number. He proposed that the tap fee be $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters. He identified documents setting forth the actual costs associated with providing new taps, which the ALJ received as Wheeling Exhibit Nos. 3 and 4. The actual cost for installing 5/8-inch meters averaged $883.16 and the actual cost for installing 3/4-inch and larger meters averaged $1,870.34. He acknowledged that it is Commission policy not to completely allow a utility to recover the entire cost of setting meters with tap fees, but he believes that the Staff-recommended fees are too low. (Tr., pp. 16-21).

The other Staff recommendation with which Mr. Huggins took issue was elimination of a proposed line item in the tariff to cover unmetered fire service fees. He explained the situation where, due to the age of Wheeling's water distribution system, certain downtown businesses would be able to avoid paying a fire protection fee or not pay the appropriate amount if this line item is left out of the tariff. The unmetered rate for this fee, as proposed, is $85.93. He explained that some of the lines providing fire service are metered and some are not. He is not speaking of meters for general water service, but only of meters used to measure the amount of water used for fire service. These meters are not used to calculate the water bill owed for fire service, but are used to determine whether a fire service line is leaking or turned on without being used to put out a fire, i.e., some businesses or individuals steal water from the fire service lines. The Staff-recommended rates contain a rate for those businesses with a meter, but do not contain a rate for those businesses without a meter. The metered rate fluctuates depending on meter size. However, many downtown businesses have unmetered fire service. Without this line item, Wheeling would not be authorized to charge those businesses for private fire protection service. All new customers are metered for fire service, but the older ones are not. These fire services do not include fire hydrant services, but include sprinkler systems used for fire protection. The unmetered fee acts as an incentive for the businesses to install a meter. Again, the meter is not used as a device to gather data to bill the customer; it is a backflow device. Once water starts flowing through the fire protection lines due to a fire, the check valve stops the meter from working. These meters are chiefly a way to make sure that water intended for fire

protection is not used for other purposes, i.e., they are leak detectors. The requested rate is to act as an incentive to get the older structures in the downtown area to install the meters. Under the Staff-recommended rates, those businesses would not have to pay anything for fire protection, while the structures with meters would. Approximately 50 businesses do not have meters. (Tr., pp. 21-27, 31-36).

Mr. Huggins explained that, in 2001, he met with representatives from the Intervenors and others to discuss the plans for the current proposed project. The project at that time was divided into three phases. The current certificate application seeks approval of most of what was then referred to as Phase I. However, due to some directives from the federal Environmental Protection Agency (EPA), some changes to the project had to be made. The present project includes most of what was then called Phase I, with several EPA-mandated changes. The decision has not yet been made whether or not the other two phases will follow in the future. Wheeling had its "wish list" in 2001, set forth in three phases. However, with the EPA changes, Wheeling's wish list has changed. (Tr., pp. 27-29).

Mr. Huggins acknowledged that Wheeling's unaccounted-for water currently is 25.7%. That figure has hovered over 20% for several years. In 1987, the Commission approved a leak detection fund, which Wheeling has used to carry out a leak detection and correction program. However, Wheeling has not been able to significantly reduce the leaks in its system due to many of the pipes being very old. Wheeling detects leaks and repairs them. However, what is needed is a total pipe replacement project, which is what the proposed project is, although this project will not address every area where leaks may occur, i.e., it will address the oldest areas where most leaks occur. (Tr., pp. 29-31).

Next, Lise Sibicky testified on Wheeling's behalf. Ms. Sibicky identified her prepared direct testimony, which the ALJ received as Wheeling Exhibit No. 5. Ms. Sibicky, an engineer since 1979, licensed to practice in West Virginia since 1991 and employed by the firm of Burgess and Niple, Inc., testified that she serves as the project engineer for Wheeling's proposed project. Her firm designed the project based upon Wheeling's needs and upon her firm's findings after investigating Wheeling's water system. Wheeling's distribution system needs are varied and spread throughout the system, including areas outside the corporate limits. She prepared a document titled "Justification for Water Distribution System Upgrades", which the ALJ received as Wheeling Exhibit No. 6. (Tr., pp. 37-40; Wheeling Exhibit No. 5, pp. 1-3; Wheeling Exhibit No. 6).

Ms. Sibicky described Wheeling's current system and outlined the various parts of the proposed project. The project consists mostly of replacing old mains, due to many leaks, due to complaints about "red water" and due to insufficient fire hydrant pressure and volume. Wheeling currently serves about 13,791 customers, plus six resale customers. The plant currently produces a daily demand of about 6,800,000 gallons of water, but only accounts for about 4,800,000 gallons of water through sales and other known uses, leaving 28% of the water unaccounted for. The treatment plant is designed to treat up to 14,000,000 of water per day. Wheeling currently maintains 190 miles of water mains, 10 booster stations and 19 water storage tanks with a total storage capacity of

15,000,000 gallons. The engineering studies identified 32 different locations where the water distribution system has deficiencies which the project needs to address. (Wheeling Exhibit No. 6, p. 1).

The Warwood Terrace loop is needed because, currently, the northern ends of these lines are not connected. Forming a loop will improve the water quality and fire protection capability for those customers. This portion of the project will connect the two water mains in that area. The very old 2-inch galvanized steel main serving Nuttal Avenue needs to be replaced, since it is a source of many leaks, produces red water and does not have the pressure needed to serve the area. Replacing this old galvanized steel main with a 2-inch PVC line will correct that problem. Also, a pressure-reducing valve will be installed at the point where the main connects to a larger main, since no fire hydrants are located on this portion of the system, which serves only about 10 customers. The Warwood Terrace pressure reducing valve also needs to be replaced, since failures of this valve cause pipes to burst. The Greggsville Tank line, comprised of unlined cast iron, needs to be replaced with PVC to eliminate constant complaints about red water. Likewise, the G.C.&P. Road line, which is comprised of unlined steel, averages about two breaks per year and is a constant source of complaints about red water, needs to be replaced. The Greggsville water main, comprised of unlined cast iron, is severely corroded, has mineral deposits and is a source of more red water. It needs to be replaced to improve water quality and fire protection. (Wheeling Exhibit No. 6, pp. 1-2).

The Bello Vedere and the Cloverfield water mains, which are 2-inch and 3-inch galvanized steel lines that are in very poor condition, leading to numerous leaks and complaints of red water, need to be replaced. The Waddels Run 12-inch ductile iron line was improperly installed about 30 years ago, leading to at least one major leak per year; it needs to be replaced. This line is the only main serving the Boggs Hill area and Wheeling Park High School. Forest Hills is supplied with water from a booster station that was installed in 1943. This booster station is in very poor condition, is undersized and needs to be replaced. The project also will replace the line between Forest Hills and Barrington, benefitting customers in both areas. The Bethany Pike loop, comprised of unlined cast iron, is out of service and needs to be replaced. The College Drive loop, comprised of 2-inch galvanized pipe, needs to be replaced with 8-inch PVC, which will add fire protection service to that area. The unlined cast iron main serving North Wabash Street is severely corroded, contains lead, is a source of red water and needs to be replaced. The same is true of the Ontario Street main. The North Island loop, comprised of unlined cast iron and galvanized steel, also is severely corroded and needs to be replaced to improve water quality and fire protection. (Wheeling Exhibit No. 6, pp. 2-4).

The North Erie Street cast iron main is severely corroded, has mineral deposits on the inside and is a source of very poor water quality. Replacing this main will improve the water and fire service quality. The Indiana Street, North Front Street, Kentucky Street and North Huron Street mains are also comprised of cast iron, are very old and are corroded. These all need to be replaced. Also, the project will install a 12-inch main to connect Georgia Street to Kentucky Street, increasing the water supply to Wheeling Island. Three river crossings currently are located at Fink Street, Kentucky Street and Ohio Street. The newest of these river crossings, built in 1970, is a 16-inch ductile iron pipe. The other two are 14-inch and 10-inch pipe. One of these needs to be replaced,

since it was damaged in the 1980s by a barge and has never been repaired. (Wheeling Exhibit No. 6, pp. 5-6).

At 15th Street, the current main is unlined cast iron and severely corroded. This line needs replaced. The Rio Vista main is a dead-end line. The project will correct this situation by providing an alternative water source from the Village of Bethlehem. The main in Baumann's Addition, comprised of unlined steel, is a constant source of red water and the pressure is not proper for fire protection. This line will be replaced. The mains at Incline Avenue and Kettler Avenue average numerous leak per year and will be replaced. The project will provide a second water source to the Marshall County Public Service District. The current water main serving the Grandview Reservoir is on top of the ground, made of cast iron and is a constant source of red water. This main needs to be replaced. The12-inch unlined cast iron main on Bow Street is a source of constant leaks and needs to be replaced. The booster station serving the Oakmont tank was installed in the 1950s and is in very poor condition. This booster station needs to be replaced. Replacing the booster station will be accompanied with several replacements and modifications to the lines, which will improve the water pressure and supply for this area and correct a lot of the unaccounted-for water. Finally, the Clator tank valve needs to be moved about one mile northwest to provide better service, including allowing the Wheeling Park booster station to function properly, enlarging the service area of the Clator tank and allowing the Clator tank to circulate properly. (Wheeling Exhibit No. 6, pp. 6-8).

Ms. Sibicky explained that she did not determine which projects were to be included in the certificate application. Rather, she designed the projects that were outlined by Wheeling officials for her to design. The projects included in the certificate application are not all of the projects that Wheeling needs to do, but these are all that are included in this application. However, this certificate case includes a very large portion of the total projects that need to be addressed. The certificate project is an incorporation of a large number of smaller projects, some of which may have been included in the former designation of Phase II or Phase III, as well as Phase I. Also, some of the projects contained in the current certificate project were not included in the 2001 identification list. She emphasized that her job was to design what Wheeling decided needed to be done first. (Tr., pp. 41-43). Ms. Sibicky estimated that, if construction is started in late summer of 2006, the entire project would be completed and online by early 2007. Construction of the project should take six to seven months. All of the bids will be done at one time. (Tr., pp. 43-44).

The next witness who testified on Wheeling's behalf was William W. Allis, Jr., a senior engineer and project manager employed by the consulting firm of Gannett Fleming of Camp Hill, Pennsylvania, for the past 24 years. He identified his prepared direct testimony and two accompanying exhibits, which the ALJ received as Wheeling Exhibit Nos. 7, 8 and 9. Mr. Allis is the project manager and authored "Wheeling WTP Evaluation and Improvements", which includes an evaluation of Wheeling's water treatment plant (WTP), identification of a recommended WTP improvement plan, facility designs, evaluation of the distribution system's Supervisory Control and Data Acquisition (SCADA) system, a SCADA communications study, a SCADA system upgrade design and the design of the upgrades to the Wheeling Park booster pumping station. Mr. Allis prepared reports and studies detailing his work, i.e., the exhibits referred to in his prepared direct

testimony. His firm conducted multi-disciplinary engineering inspections of Wheeling's water treatment plant and the Wheeling Park booster station to assess any needed improvements to those facilities. The inspection determined that those facilities were in poor condition, largely due to age and deferred maintenance. He recommended improvements that included a roof replacement, mechanical and electrical upgrades and pump replacement. The detailed design of these improvements was included in the certificate case. His firm also recommended vast replacement and/or improvements to Wheeling's SCADA system as part of the certificate case. (Tr., pp. 45-48; Wheeling Exhibit No. 7, pp. 1-5; Wheeling Exhibit Nos. 8 and 9).

Mr. Allis testified that the water treatment plant, originally built in the 1920s, was designed to treat 20,000,000 gallons of water per day, which is adequate for the hydraulic demands. However, since current regulations require a robust multi-barrier disinfection approach to protect from microbial pathogens, Wheeling's current treatment plant is not suitable for today's demands and requirements. This is critical because the source of Wheeling's water is the Ohio River, which has many upstream combined sewer overflows. The treatment plant needs many updates and replacements to be able to provide a safe and adequate water supply. If all of the needed improvements to the treatment plant are made, it would cost $20,000,000. Wheeling will have to improve its treatment plant in phases, with some of the Phase I improvements included in the instant certificate case. (Wheeling Exhibit No. 7, pp. 5-7).

Wheeling's final witness was Jack Bodkin, a certified public accountant, who prepared Wheeling's Rule 42 Exhibit, which the ALJ received as Wheeling Exhibit No. 11. Mr. Bodkin's prepared direct testimony was received as Wheeling Exhibit No. 10. Mr. Bodkin testified that he developed the rates and rate structure contained in Wheeling's rate ordinance. He opined that the rates he developed would cover all operation and maintenance (O&M) expenses, allow for average plant additions and provide a 125% debt service coverage ratio. The debt service includes the additional debt service to be generated by the project in the certificate case. He relied upon information given him by Ms. Prezioso and Mr. Allis. He made going-level adjustments to include all known and measurable changes to O&M expenses, including changes to salary, employee benefits and treatment costs. Although the rates developed by Mr. Bodkin reflected an across-the-board increase to all rate classes and were not based on a customer class cost of service study, he opined that the rates contained in the rate ordinance did not discriminate against any customer class or against the Intervenors, who are resale customers, in particular. He opined that the revenues that would be produced by the rates contained in the rate ordinance are necessary to cover all of Wheeling's O&M expenses, debt service and reasonable plant additions. (Tr., pp. 49-52; Wheeling Exhibit No. 10, pp. 1-5; Wheeling Exhibit No. 11). Mr. Bodkin clarified that the rate structure contained in Wheeling's rate ordinance is a declining block rate structure which gives users of larger amounts of water the benefit of an economy of scale. (Tr., p. 52).

As its first witness, Commission Staff called Joseph Marakovits, Engineering Division, to testify. Mr. Marakovits worked on these cases along with Staff Engineer Jonathan Fowler, who no longer works at the Commission. Mr. Marakovits sponsored the reports from Mr. Fowler as well as his own work. The Staff Report, authored by Mr. Marakovits and Utilities Analyst Scott McNeely,

Water and Wastewater Division, was received as Staff Exhibit No. 1. The March 21, 2006 Final Internal Memorandum from Mr. McNeely and Mr. Fowler was received as Staff Exhibit No. 2. The engineering allocation factors prepared by Mr. Marakovits were received as Staff Exhibit No. 3. Wheeling's most recent rates were adopted in 2001. Wheeling, which currently serves about 14,000 customers, including six resale customers, has 25.7% unaccounted-for water. The certificate project, which includes replacing about 52,000 feet of water mains and 13,000 feet of service mains, will rehabilitate much of the distribution system and should address much of this unaccounted-for water loss. Staff recommended approval of the certificate project chiefly to address the unaccounted-for water and to address many quality of water issues which Wheeling has. In addition to recommending approval of the certificate application, Staff recommended that Wheeling continue spending about $75,000 annually to paint tanks and address other deficiencies outlined by the Health Department. Although the treatment plant either needs to be replaced or a major overhaul in the future, the instant certificate case does not fully address this problem; a future certificate case will have to address that problem. Replacing the treatment plant may cost over $20,000,000. This certificate project is chiefly to rehabilitate the distribution system, which will cost between $11,000,000 and $12,000,000. Mr. Marakovits outlined several going-level adjustments totaling $178,694 and recommended a surplus of $525,512 for Wheeling, which includes $346,818 in average plant additions and the $178,694 in going-level adjustments. The reason for this recommended surplus is to make up for the fact that Wheeling has been neglecting many needed plant additions for several years due to a cash flow shortage. The actual plant additions have decreased during each of the past five years, due, in Mr. Marakovits' opinion, to a lack of funds. (Tr., pp. 54-58, 76-77; Staff Exhibit Nos. 1, 2 and 3).

Mr. Marakovits explained that, in Wheeling's last rate case, the Utilities Division analyzed the rates and a different member of the Engineering Division prepared the allocation factors. He stated that, in this case, he used and interpreted the allocation factors in the same manner as he has always done. If those factors were analyzed differently in the prior case, he cannot comment on that. Specifically, he cannot explain how Ingrid Ferrell may have provided different allocation factors in the previous rate case, but he believes that the factors he provided in this case are correct. He acknowledged that several of the factors he used, such as the maximum hour and maximum daily demand factors, should benefit the resale customer class. He speculated that the high unaccounted-for water that Wheeling experiences may explain some of the reason why the resale rates that Staff has recommended in this case are as high as they are. Mr. Marakovits prepared the allocation factors and the remainder of the cost of service study was performed by Mr. McNeely. The ALJ received a report from Wheeling's last rate case, Case No. 01-1681-W-MA, prepared by Technical Analyst Ingrid Ferrell, into evidence as Protestant Exhibit No. 1. (Tr., pp. 58-76; Protestant Exhibit No. 1).

Next, Utilities Analyst Scott McNeely testified on behalf of Commission Staff. Mr. McNeely worked on the municipal appeal and the certificate case, helping to prepare reports in each proceeding. Although Mr. McNeely did not need to make any corrections of his reports or recommendations, he did change two of his recommendations due to the testimony of Wheeling's witnesses. First, he agreed that the tap fees should be $300 and $400, as requested by Wheeling. He believes that Wheeling has justified these tap fee rates. Also, he agreed that the unmetered fire protection fee of $85.93 should be adopted, as requested by Wheeling. He did not understand that

fee until it was explained by Wheeling's witnesses and he now believes that it is appropriate. Mr. McNeely marked Staff Exhibit Nos. 1 and 2 to reflect these changed recommendations. (Tr., pp. 78-82; Staff Exhibit Nos. 1 and 2).

Mr. McNeely explained that, currently, Wheeling does not have a separate resale rate. However, the customer class cost of service study clearly shows that, rather than running Wheeling's resale customers through the rate blocks, a separate resale rate should be adopted. Without this separate resale rate, Wheeling's rates would produce cross-subsidization across customer classes, which is not permitted by Commission policy. The separate resale rate eliminates all cross-subsidization in Wheeling's rate structure. The resale rate is greater than the rate block for customers who use the most water, i.e., 500,000 gallons per month. Four of Wheeling's resale customers purchase more than 500,000 gallons per month and two resale customers purchase less than 500,000 gallons per month. (Tr., pp. 81-84).

Mr. McNeely opined that, for a municipality like Wheeling, if the actual bids for the project come in high but do not affect rates, Wheeling would not have to obtain separate Commission approval prior to commencing construction. For example, since the financing is to be from municipal bonds, if the interest rate ends up higher than 6.5%, that change would still be approved in this case, since these kinds of interest rates fluctuate according to the bond market. However, if the financing or the scope of the project requires higher rates, then Wheeling would have to reopen the certificate case as well to obtain separate Commission approval. (Tr., pp. 84-86).

Mr. McNeely acknowledged that the Staff-recommended rates increase the rate for resale customers by about 49%. Residential and commercial rates will be increased by about 42%. The ALJ received another report from Wheeling's most-recent rate case, Case No. 01-1681-W-MA, prepared by Utilities Analyst Steve Kaz, as Protestant Exhibit No. 2. Mr. McNeely explained that the previous rate case was analyzed by the Utilities Division. He cannot speak to how the Utilities Division analyzes these types of rate cases. However, Mr. McNeely indicated that he followed the same procedures in this case as in many other in which he has been the rate analyst and he believes that he is correctly following the procedures of the Water and Wastewater Division. Mr. McNeely believes that the Commission changed its policy with regard to setting rates for water utilities when it placed all such cases in the Water and Wastewater Division. Mr. McNeely realizes that a different result was obtained in the previous case and believes that, at the time, that result was correct. However, now he believes that the rates and rate structure that he obtained from the calculations he made are the correct results for this case. One point of contention was how to apportion the functionality of the plant. In the previous case, the maximum day and commodity function was 50/50, but Mr. McNeely believes that the proper apportionment is 90% for the maximum day and 10% for the commodity. He opined, however, that this 90/10 apportionment would make only a minute difference in the resulting rates for each customer class. Mr. McNeely believes that the Staff-recommended rates and rate structure will eliminate all cross-subsidization by customer classes. Although he acknowledges that some costs have been shifted to the resale customers, he believes that these shifts are necessary to prevent cross-subsidization among customer classes. (Tr., pp. 87-94).

Mr. McNeely recommended that the new rates contained in the ordinance become effective prior to completion of the project, since the financing obtained by Wheeling has to be repaid starting immediately upon receipt. Wheeling, unlike many other water utilities, did not qualify or obtain financing where payment on the principal is postponed for two years. It has to issue municipal bonds and begin making payments on those bonds soon after issuance. Had Wheeling obtained grants or financing from an entity like the State Revolving Fund or the Rural Utilities Service, he may have made a different recommendation. (Tr., pp. 94-95).

Mr. McNeely acknowledged that the rate increase will be more for some of the resale customers than for others, depending upon the amount of water each purchases. He speculated that the project may change the dynamics of Wheeling's rate structure in future rate cases, especially if it corrects the high unaccounted-for water. Mr. McNeely indicated that he would supply a post-hearing exhibit depicting what the rates would be if Wheeling's existing rate structure were adopted along with the Staff-recommended revenue requirement, so that the parties could make a more informed argument by having those figures to refer to. He also would include in the post-hearing exhibit responses to other questions which the parties raised at the hearing. (Tr., pp. 95-105; Staff Exhibit No. 1).

Mr. McNeely testified that it is Commission policy to establish separate resale rates where a utility has resale customers. Some of the perceived problem in this case may arise from the many different sizes of Wheeling's six resale customers. Also, with respect to when the rates should go into effect, this project is basically replacing lines that already are being used, rather than installing new lines or treatment plant. The customers already have the benefit of the lines, except that they are leaking and deliver a poor quality of water. (Tr., pp. 105-111).

As discussed at the hearing, on March 29, 2006, Commission Staff submitted three post-hearing exhibits, hereby received as Staff Post-Hearing Exhibit Nos. 1, 2 and 3. These exhibits provided different scenarios and how those scenarios would affect the rates, so that the parties could make their arguments based on actual calculated numbers rather than ballpark estimates and so that the ALJ could informatively consider those arguments in their proper context. Staff Post-Hearing Exhibit No. 1 shows the effect of billing the resale customers through the existing block rate structure, rather than creating a separate resale rate, but using the same 90/10 functionalization for maximum day and commodity. Under this scenario, all customer classes would experience an increase of approximately 1% above the Staff-recommended rates, which would subsidize the resale customers a total of $40,039. Staff Post-Hearing Exhibit No. 2 shows the effect of billing resale customers under Staff's proposed resale rate, but with a 50/50 functionalization. Under this scenario, no significant change in rates would result, i.e., the resale customers would receive a $39 benefit. Staff Post-Hearing Exhibit No. 3 shows resale customers billed through the existing block rate structure with a 50/50 functionalization. Under this scenario, all customers would experience an approximate 1% rate increase above the Staff-recommended rates, with the resale customers being subsidized by $40,000, with $22,492 of that subsidy coming from the residential class. (Staff Post-Hearing Exhibit Nos. 1, 2 and 3).

On April 19, 2006, Commission Staff submitted another post-hearing exhibit, which the ALJ hereby receives into evidence as Staff Post-Hearing Exhibit No. 4. In this exhibit, Staff takes the position that the arguments made by the resale customers are correct with respect to at least part of the apportionment of the functionality of the plant, i.e., while the 90/10 apportionment is proper for all categories for which the resale customers gain a benefit, apportioning the cost of fire hydrants and fire mains as part of the resale customers' obligations is not proper. Under Staff's Post-Hearing Exhibit No. 4, that correction has been made, which results in a $11,728 reduction of revenue obtained from resale customers, or decreases the resale rate from $1.893 per 1,000 gallons to $1.871 per 1,000 gallons. Staff attached a modified tariff showing the resulting rates for all customer classes. However, as pointed out in a letter[1] from Wheeling, the modified tariff attached by Staff failed to include the amended tap fees agreed to by Staff at the hearing and the unmetered fee for fire protection.

On May 4, 2006, Staff Attorney Toon submitted a Further Joint Staff Memorandum, attaching a Third Further Internal Memorandum from Utilities Analyst McNeely clarifying Staff Post-Hearing Exhibit No. 4 and a corrected Staff-recommended tariff, which the ALJ hereby receives as Staff Post-Hearing Exhibit No. 5. The Staff-recommended tariff attached to Staff Post-Hearing Exhibit No. 4 failed to include the stipulated changes to the tap fees and the non-metered fire protection fee and failed to include a delayed payment penalty in Schedule I. The tariff attached to Staff Post-Hearing Exhibit No. 5 corrected these omissions.

DISCUSSION

Having considered all of the above, including all of the evidence presented at the hearing, the post-hearing exhibits and the argument of counsel, the ALJ holds that he will adopt the Staff-recommended revenue requirement, rates and rate structure. The only point of contention in this case was the rate structure. All parties agreed that the Staff-recommended revenue requirement was appropriate for Wheeling. The parties disagreed chiefly on how that level of revenue should be collected from the various customer classes. In particular, the resale customers believed that, with the advent of a separate resale rate, the resale customers were having to bear the brunt of the rate increase.

While the ALJ agrees that the percentage of increase will be greatest for the resale customers, the ALJ holds that the Staff-recommended rates and rate structure are based on a customer class cost of service study and should be followed unless that study is shown to be faulty or unreasonable. Simply because adding the resale rate places a greater burden on the resale customers compared to other customer classes is not enough to show that the results of the cost of service study are faulty or unreasonable. In fact, any time that such a study is performed, the result usually shifts a greater portion of the burden to one class or another. That is why cost of service studies are performed, i.e.,

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[1]On April 25, 2006, the Commission received a letter from Robert R. Rodecker, counsel for Wheeling, pointing out that the tariff attached to the April 19, 2006 Staff filing did not include the changes to the tap fees and did not add the unmetered fee for fire protection.

to make sure that each customer class is paying its fair share. Adding a resale rate in this case does not mean that the rate structure approved by the Commission in the past was incorrect or unreasonable. It simply means that, under today's demands from each customer class, a separate rate for resale customers is now warranted.

Also, the ALJ has studied the various scenarios presented in Staff Post-Hearing Exhibit Nos. 1, 2 and 3. The ALJ holds that adopting one of those scenarios is improper in that no showing has been made that the cost of service study is faulty or unreasonable. The Commission always attempts to adopt rates that will not permit one customer class to subsidize another. Sometimes, in the guise of avoiding rate shock or implementing rate increases gradually, the Commission permits one class to subsidize another for a limited period of time. However, the differences in the rate increases for each customer class in this case do not warrant a phased-in implementation of the resale rate. The Staff-recommended resale rate as determined by the cost of service study is proper, except as discussed in the following paragraph.

Staff Post-Hearing Exhibit No. 4, as corrected by Staff Post-Hearing Exhibit No. 5, does make a change in the Staff-recommended rates by removing two categories which should not be borne by the resale customers, i.e., the cost of fire hydrants and the cost of lines dedicated to fire protection. The ALJ agrees with this adjustment and holds that the tariff attached to Staff Post-Hearing Exhibit No. 5 is the correct rate structure for this case, including the amended tap fees, the unmetered fee for fire protection and the delayed payment penalty for Schedule I. The ALJ will adopt the tariff attached to Staff Post-Hearing Exhibit No. 5 as depicting the proper rates and rate structure for the rate case.

Pertaining to the certificate case, Wheeling showed in detail the great need for the proposed project to replace leaking pipes throughout its distribution system which are contributing to a high unaccounted-for water rate; Wheeling presented evidence that it can obtain the financing needed for the project in an amount not to exceed $12,000,000 at a rate not to exceed 6.5% for a term of 30 years by issuing tax-exempt municipal bonds; and Wheeling demonstrated that the rates approved in Case No. 06-0044-W-MA will cover any increased O&M expenses and debt service required by the project while allowing a $525,512 cash flow surplus for needed plant additions. Further, Commission Staff has thoroughly reviewed the proposed project and recommended approval. Therefore, the ALJ holds that he will grant the application for a certificate of public convenience and necessity and will approve the proposed financing for the project.

Although Commission Staff recommended that further Commission approval was required only if changes to the scope, cost or the financing of the project affected rates, the ALJ does not believe that Staff's position is a correct statement of the Commission's policy or state law. In cases where the project financing is obtained through the West Virginia Infrastructure and Jobs Development Council (IJDC), the Commission has relaxed this requirement pursuant to a change in *West Virginia Code* §24-2-11(j), which states:

> (j) A public utility which has received a certificate of public convenience and necessity from the commission and has been approved by the infrastructure and jobs

development council, is not required to, and cannot be compelled to, reopen the proceeding if the cost of the project changes but the change does not effect the rates established for the project.

It is clear that financing for Wheeling's project is through the issuance by Wheeling of tax-exempt municipal bonds, not from financing obtained through the IJDC. For this reason, the ALJ will require Wheeling to obtain separate Commission approval should the scope, cost or the financing for the project change for any reason.

FINDINGS OF FACT

1. Wheeling submitted an application under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory. Wheeling has estimated that the total project will cost approximately $12,000,000, to be funded with tax-exempt revenue bonds to be issued by Wheeling. Wheeling indicated that the December 20, 2005 rate ordinance, which is the subject of Case No. 06-0044-W-MA, would generate rates necessary to cover the increased operation and maintenance expenses and increased debt service obligations resulting from the project. (See, December 27, 2005 application).

2. Wheeling published the December 27, 2005 Notice of Filing on January 6, 2006, in the *Wheeling News-Register*, a newspaper published and generally circulated in Ohio County. The Notice of Filing provided a 30-day protest period and provided that, if no protests were received within the protest period, the Commission may waive the formal hearing process and rule on the certificate application based upon its review of the information submitted with the application. Wheeling also submitted a publication affidavit indicating that, on December 30, 2005, the *Moundsville Daily Echo*, a newspaper published and generally circulated in Marshall County, also published the Notice of Filing. The Village of Bethlehem, the Town of Triadelphia, the Village of Valley Grove and the Ohio County Public Service District jointly submitted a letter of protest and petitioned the Commission for Intervenor status in the certificate case. No other letters of protest or objections to the project have been submitted to the Commission. (See, January 11 and 18, 2006 publication affidavits; January 17, 2006 letter; Commission's file).

3. The City of Wheeling adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective February 3, 2006. Wheeling published a notice of these rates, and, pursuant thereto, on or about January 17, 2006, Bethlehem, the District, Triadelphia and Valley Grove, all of which are resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's December 20, 2005 rate ordinance, alleging discrimination to their respective customers. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal, made Wheeling a Respondent thereto and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m.,

June 3, 2006, unless otherwise ordered by the Commission (See, January 18, 2006 Commission Order Suspending Rates and Referring to Administrative Law Judge).

4. Ferris, Baker Watts, Inc., will underwrite and distribute the proposed bonds and will arrange for the delivery and settlement of the bonds and the investment of bond proceeds. (See, Testimony of Marie Prezioso, Wheeling Exhibit No. 1, pp. 1-2).

5. Due to the unavailability to Wheeling of RUS or other low or below-market value financing, based on today's market, since Wheeling has a history of obtaining "AAA/Aaa" bond insurance, issuing "AAA/Aaa" insured bonds would provide the lowest borrowing cost for Wheeling's proposed project. Ferris, Baker Watts, Inc., would market the proposed transaction through a public issuance of bonds. Should "AAA/Aaa" insurable bonds not be obtainable, Ferris, Baker Watts, Inc., would pursue other alternatives for issuing the bonds. (See, Testimony of Marie Prezioso, Wheeling Exhibit No. 1, p. 2).

6. Wheeling plans to issue bonds not to exceed the amount of $12,000,000, bearing interest at a rate not to exceed 6.5%, with a final maturity of approximately 30 years. Wheeling, which has borrowed $1,500,000 for designing the project, will pay off that loan with proceeds from the bond issuance. (Wheeling Exhibit No. 1, pp. 2-3).

7. Wheeling believes that the rates contained in its rate ordinance are necessary to generate the revenues needed by Wheeling to operate its public water utility. Those rates will generate revenues sufficient to cover all of Wheeling's O&M expenses and the debt service related to the project, including the design loan. The rate ordinance contains rates that may be lower than the amount needed to accomplish all that Wheeling needs to accomplish, but Wheeling has prioritized the needed projects and will concentrate on meeting the greatest needs first. (See, Testimony of William F. Huggins, Tr., p. 15-16; Wheeling Exhibit No. 2, pp. 1-4).

8. Wheeling disagreed with the Staff-recommended tap fee, believing that the tap fee should be a little higher than the Staff-recommended amount and that it should be a round number. Wheeling proposed that the tap fee be $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters. Acknowledging that it is Commission policy not to completely allow a utility to recover the entire cost of setting meters with tap fees, Wheeling believes that the Staff-recommended fees are too low. (See, Testimony of William F. Huggins, Tr., pp. 16-21).

9. Wheeling also took issue with the Staff recommendation to eliminate a proposed line item in the tariff to cover unmetered fire service fees. Due to the age of Wheeling's water distribution system, certain downtown businesses would be able to avoid paying a fire protection fee or not pay the appropriate amount if this line item is left out of the tariff. The unmetered rate for this fee, as proposed, is $85.93. Under the Staff-recommended rates, those businesses without these check meters would not have to pay anything for fire protection, while the structures with meters would. Approximately 50 businesses do not have these meters, which are not used to calculate a rate but only

to monitor water usage to be aware of leaks and whether someone is stealing water. (See, Testimony of William F. Huggins, Tr., pp. 21-27, 31-36).

10. In 2001, what is now the certificate project was divided into three phases. The current certificate application seeks approval of most of what was then referred to as Phase I. However, due to some EPA directives, some changes to the project had to be made. The decision has not been made whether or not the other two phases will follow in the future. (See, Testimony of William F. Huggins, Tr., pp. 27-29).

11. Wheeling's unaccounted-for water rate currently is 25.7%. That figure has hovered over 20% for several years. In 1987, the Commission approved a leak detection fund, which Wheeling has used to carry out a leak detection and correction program. However, Wheeling has not been able to significantly reduce the leaks in its system due to many of the pipes being very old. Wheeling detects leaks and repairs them. What is needed is a total pipe replacement project, which is what the proposed project will accomplish, although this project will not address every area where leaks may occur, i.e., it will address the oldest areas where most leaks occur. (See, Testimony of William F. Huggins, Tr., pp. 29-31).

12. Burgess and Niple, Inc., designed the certificate project based upon Wheeling's needs and upon the firm's findings after investigating Wheeling's water system. Wheeling's distribution system's needs are varied and spread throughout the system, including areas outside the corporate limits. The firm prepared a document titled "Justification for Water Distribution System Upgrades", which details all of the areas where lines need to be replaced and other actions that are included in the project. (See, Testimony of Lise Sibicky, Tr., pp. 37-40; Wheeling Exhibit No. 5, pp. 1-3; Wheeling Exhibit No. 6).

13. The project consists mostly of replacing old mains, due to many leaks, due to complaints about "red water" and due to insufficient fire hydrant pressure and volume. Wheeling currently serves about 13,791 customers, plus six resale customers. The plant currently produces a daily demand of about 6,800,000 gallons of water, but only accounts for about 4,800,000 gallons of water through sales and other known uses, leaving 28% of the water unaccounted for. The treatment plant is designed to treat up to 14,000,000 of water per day. Wheeling currently maintains 190 miles of water mains, 10 booster stations and 19 water storage tanks with a total storage capacity of 15,000,000 gallons. The engineering studies identified 32 different locations where the water distribution system has deficiencies which the project needs to address. (See, Testimony of Lise Sibicky, Wheeling Exhibit No. 6).

14. The engineering firm did not determine which projects were to be included in the certificate application. Rather, the engineer designed the projects that were outlined by Wheeling officials. The projects included in the certificate application are not all of the projects that Wheeling needs to do, but this certificate case includes a very large portion of the total projects that need to be addressed. The certificate project is an incorporation of a large number of smaller projects, some of which may have been included in the former designation of Phase II or Phase III, as well as Phase I.

Also, some of the projects contained in the current certificate project were not included in the 2001 identification list. If construction is started in late summer of 2006, the entire project would be completed and online by early 2007. Construction of the project should take six to seven months. All of the bids will be done at one time. (See, Testimony of Lise Sibicky, Tr., pp. 41-44).

15. Wheeling has hired an engineering firm to evaluate Wheeling's water treatment plant, identify a recommended WTP improvement plan, design facilities, evaluate the distribution system Supervisory Control and Data Acquisition system, study SCADA communications, and design upgrades to Wheeling's SCADA system and the Wheeling Park booster pumping station. This firm conducted multi-disciplinary engineering inspections of Wheeling's water treatment plant and the Wheeling Park booster station to assess any needed improvements to those facilities. The inspection determined that those facilities were in poor condition, largely due to age and deferred maintenance. The firm recommended improvements that included a roof replacement, mechanical and electrical upgrades and pump replacement. The detailed design of these improvements was included in the certificate case. This firm also recommended vast replacement and/or improvements to Wheeling's SCADA system as part of the certificate case. (See, Testimony of William W. Allis, Jr., Tr., pp. 45-48; Wheeling Exhibit No. 7, pp. 1-5; Wheeling Exhibit Nos. 8 and 9).

16. Wheeling's water treatment plant, originally built in the 1920s, was designed to treat 20,000,000 gallons of water per day, which is adequate for the hydraulic demands. However, since current regulations require a robust multi-barrier disinfection approach to protect from microbial pathogens, Wheeling's current treatment plant is not suitable for today's demands and requirements. This is critical because the source of Wheeling's water is the Ohio River, which has many upstream combined sewer overflows. The treatment plant needs many updates and replacements to be able to provide a safe and adequate water supply. If all of the needed improvements to the treatment plant are made, it would cost $20,000,000. Wheeling will have to improve its treatment plant in phases, with some of the Phase I improvements included in the instant certificate case. (See, Testimony of William W. Allis, Jr., Wheeling Exhibit No. 7, pp. 5-7).

17. Wheeling developed the rates and rate structure contained in Wheeling's rate ordinance to cover all O&M expenses, allow for average plant additions and provide a 125% debt service coverage ratio. The debt service includes the additional debt service to be generated by the project in the certificate case. Wheeling made going-level adjustments to include all known and measurable changes to O&M expenses, including changes to salary, employee benefits and treatment costs. Although the rates developed by Wheeling reflected an across-the-board increase to all customer classes and were not based on a customer class cost of service study, Wheeling's accountant opined that the rates contained in the rate ordinance did not discriminate against any customer class or against the Intervenors, who are resale customers, in particular. (See, Testimony of Jack Bodkin, Tr., pp. 49-52; Wheeling Exhibit No. 10, pp. 1-5; Wheeling Exhibit No. 11).

18. The rate structure contained in Wheeling's rate ordinance is a declining block rate structure which gives users of larger amounts of water the benefit of an economy of scale. (See, Testimony of Jack Bodkin, Tr., p. 52).

19. Wheeling's most recent rates were adopted in 2001. The certificate project, which includes replacing about 52,000 feet of water mains and 13,000 feet of service mains, will rehabilitate much of the distribution system and should address much of this unaccounted-for water loss. Staff recommended approval of the certificate project chiefly to address the unaccounted-for water and to address many quality of water issues which Wheeling has. In addition to recommending approval of the certificate application, Staff recommended that Wheeling continue spending about $75,000 annually to paint tanks and address other deficiencies outlined by the Health Department. Although the treatment plant needs either to be replaced or receive a major overhaul in the future, the instant certificate case does not fully address this problem; a future certificate case will have to address that problem. Replacing the treatment plant may cost over $20,000,000. This certificate project is chiefly to rehabilitate the distribution system, which will cost between $11,000,000 and $12,000,000. Staff outlined several going-level adjustments totaling $178,694 and recommended a surplus of $525,512 for Wheeling, which includes $346,818 in average plant additions and the $178,694 in going-level adjustments. The reason for this recommended surplus is to make up for the fact that Wheeling has been neglecting many needed plant additions for several years due to a cash flow shortage. The actual plant additions have decreased during each of the past five years, due to a lack of funds. (See, Testimony of Joseph Marakovits, Tr., pp. 54-58, 76-77; Staff Exhibit Nos. 1, 2 and 3).

20. In Wheeling's last rate case, the Utilities Division analyzed the rates and a different member of the Engineering Division prepared the allocation factors. In this case, the Staff witness calculated and interpreted the allocation factors in the same manner in which he has always done. If those factors were analyzed differently in the prior case, this Staff witness cannot comment on that. Staff's technical witness could not explain how or why a different Staff member may have provided different allocation factors in the previous rate case, but believes that the factors provided in this case are correct. Staff acknowledged that several of the factors used, such as the maximum hour and maximum daily demand factors, should benefit the resale customer class. Staff speculated that the high unaccounted-for water that Wheeling experiences may explain some of the reason why the resale rates that Staff has recommended in this case are as high as they are. Technical Analyst Marakovits prepared the allocation factors and the remainder of the cost of service study was performed by Utility Financial Analyst McNeely. (See, Testimony of Joseph Marakovits, Tr., pp. 58-76; Protestant Exhibit No. 1).

21. Staff's financial analyst worked on the municipal appeal and the certificate case, helping to prepare reports in each proceeding. Staff changed two of its rate recommendations due to the testimony of Wheeling's witnesses. First, Staff agreed that the tap fees should be $300 and $400, as requested by Wheeling, since Wheeling has justified these tap fee rates. Also, Staff agreed that the unmetered fire protection fee of $85.93 should be adopted, as requested by Wheeling. The Staff financial analyst did not understand that fee until it was explained by Wheeling's witnesses and he now believes that it is appropriate. (See, Testimony of Scott McNeely, Tr., pp. 78-82; Staff Exhibit Nos. 1 and 2).

22. Currently, Wheeling does not have a separate resale rate. However, the customer class cost of service study clearly shows that, rather than running Wheeling's resale customers through the

rate blocks, a separate resale rate should be adopted. Without this separate resale rate, Wheeling's rates would produce cross-subsidization across customer classes, which is not permitted by Commission policy. The separate resale rate eliminates all cross-subsidization in Wheeling's rate structure. The resale rate is greater than the rate block for customers who use the most water, i.e., 500,000 gallons per month. Four of Wheeling's resale customers purchase more than 500,000 gallons per month and two resale customers purchase less than 500,000 gallons per month. (See, Testimony of Scott McNeely, Tr., pp. 81-84).

23. The Staff-recommended rates increase the rate for resale customers by about 49%. Residential and commercial rates will be increased by about 42%. While Staff's financial analyst could not speak to how the Utilities Division analyzes these types of rate cases, he indicated that he followed the same procedures in this case as in many other in which he has been the rate analyst and he believes that he is correctly following the procedures of the Water and Wastewater Division. Staff's financial analyst believes that the Commission changed its policy with regard to setting rates for water utilities when it placed all such cases in the Water and Wastewater Division. Staff believes that, while the current rates were correct when they were adopted, the rates and rate structure that Staff obtained in this case are the correct results for this case. One point of contention was how to apportion the functionality of the plant. In the previous case, the maximum day and commodity function was 50/50, but Staff believes that the proper apportionment is 90% for the maximum day and 10% for the commodity, and that this 90/10 apportionment would make only a minute difference in the resulting rates for each customer class. The Staff-recommended rates and rate structure will eliminate all cross-subsidization by customer classes. Acknowledging that some costs have been shifted to the resale customers, Staff believes that these shifts are necessary to prevent cross-subsidization among customer classes. (See, Testimony of Scott McNeely, Tr., pp. 87-94).

24. Staff recommended that the new rates contained in the ordinance become effective prior to completion of the project, since the financing obtained by Wheeling has to be repaid starting immediately upon receipt. (See, Testimony of Scott McNeely, Tr., pp. 94-95).

25. The rate increase will be more for some of the resale customers than for others, depending upon the amount of water each purchases. Staff speculated that the project may change the dynamics of Wheeling's rate structure in future rate cases, especially if it corrects the high unaccounted-for water. (See, Testimony of Scott McNeely, Tr., pp. 95-105; Staff Exhibit No. 1).

26. Staff believes that it is Commission policy to establish separate resale rates where a utility has resale customers. Some of the perceived problem in this case may arise from the many different sizes of Wheeling's six resale customers. Also, with respect to when the rates should go into effect, this project is basically replacing lines that already are being used, rather than installing new lines or treatment plant. The customers already have the benefit of the lines, except that they are leaking and deliver a poor quality of water. (See, Testimony of Scott McNeely, Tr., pp. 105-111).

27. Staff presented three post-hearing exhibits which provided three scenarios and how those scenarios would affect the rates, so that the parties could make their arguments based on actual

calculated numbers rather than ballpark estimates and so that the ALJ could informatively consider those arguments in their proper context. Staff Post-Hearing Exhibit No. 1 shows the effect of billing the resale customers through the existing block rate structure, rather than creating a separate resale rate, but using the same 90/10 functionalization for maximum day and commodity. Under this scenario, all customer classes would experience an increase of approximately 1% above the Staff-recommended rates, which would subsidize the resale customers a total of $40,039. Staff Post-Hearing Exhibit No. 2 shows the effect of billing resale customers under Staff's proposed resale rate, but with a 50/50 functionalization. Under this scenario, no significant change in rates would result, i.e., the resale customers would receive a $39 benefit. Staff Post-Hearing Exhibit No. 3 shows resale customers billed through the existing block rate structure with a 50/50 functionalization. Under this scenario, all customers would experience an approximate 1% rate increase above the Staff-recommended rates, with the resale customers being subsidized by $40,000, with $22,492 of that subsidy coming from the residential class. (Staff Post-Hearing Exhibit Nos. 1, 2 and 3).

28. Commission Staff also submitted Staff Post-Hearing Exhibit No. 4 in which Staff takes the position that the arguments made by the resale customers are correct with respect to at least part of the apportionment of the functionality of the plant, i.e., while the 90/10 apportionment is proper for all categories for which the resale customers gain a benefit, apportioning the cost of fire hydrants and fire mains as part of the resale customers' obligations is not proper. Under Staff's Post-Hearing Exhibit No. 4, that correction has been made, which results in a $11,728 reduction of revenue obtained from resale customers and decreases the resale rate from $1.893 per 1,000 gallons to $1.871 per 1,000 gallons. Staff attached a modified tariff showing the resulting rates for all customer classes. However, as pointed out in a letter from Wheeling, the modified tariff attached by Staff failed to include the amended tap fees agreed to by Staff at the hearing and the unmetered fee for fire protection. (See, Staff Post-Hearing Exhibit No. 4).

29. The Staff-recommended tariff attached to Staff Post-Hearing Exhibit No. 4 failed to include the stipulated changes to the tap fees and the non-metered fire protection fee and failed to include a delayed payment penalty in Schedule I. The tariff attached to Staff Post-Hearing Exhibit No. 5 corrected these omissions. (See, Staff Post-Hearing Exhibit No. 5).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The project is economically feasible, if it is fully funded by a bond issuance with a reasonable interest rate and term as proposed and with the Staff-recommended rates.

3. It is reasonable to approve the proposed financing for the project in an amount not to exceed $12,000,000, comprised of the issuance by Wheeling of tax-exempt municipal bonds bearing interest at a rate not to exceed 6.5% for a term of 30 years, since the rates adopted in the municipal

appeal proceeding will cover all additional O&M expenses, plant additions and debt service required by the project and the proposed financing.

4. A certificate of convenience and necessity should be issued for the project as proposed.

5. Should the scope, cost or financing for the project change for any reason, Wheeling must first obtain separate Commission approval of the changes and increase its rates, if necessary, prior to commencing construction.

6. It is reasonable to adopt the Staff-prepared customer class cost of service study as the chief basis for designing the rate structure in this case, since it was the only such study introduced and no party demonstrated that it contained any obvious flaw.

7. Since no one disputed the Staff-recommended revenue requirement, it is reasonable to adopt that as the proper revenue requirement in this case.

8. It is reasonable to amend the original Staff-recommended tariff to include a tap fee of $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters, and to include an unmetered fee for fire protection of $85.93.

9. It is reasonable to remove from the resale customers' rates any costs associated with fire hydrants and lines dedicated to fire protection.

10. It is reasonable to approve the Staff-recommended rate structure and rates, as amended and as set forth in Appendix A attached to this Recommended Decision, since they are sufficient, but not more than sufficient, to cover Wheeling's reasonable operation and maintenance expenses, debt service and capital additions, including those associated with the project certificated herein.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on December 27, 2005, by the City of Wheeling under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of the issuance of tax-exempt municipal bonds by the City of Wheeling in an amount not to exceed $12,000,000, bearing interest at a rate not to exceed 6.5%, for a term not to exceed 30 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the scope, cost or financing for the project change for any reason, the City of Wheeling first must obtain separate Commission approval and establish increased rates, if necessary, prior to commencing construction.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the City of Wheeling comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that the rate ordinance passed by the City of Wheeling on December 20, 2005, be, and hereby is, rejected and set aside.

IT IS FURTHER ORDERED that the rates and charges set forth in the attached Appendix A be, and hereby are, approved for all water service rendered by the City of Wheeling on and after 12:01 a.m., June 3, 2006.

IT IS FURTHER ORDERED that, within thirty (30) days of the date that this Recommended Decision becomes final, the City of Wheeling shall submit to the Commission an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that this consolidated proceeding be, and hereby is, removed from the Commission's docket of open cases.

The Executive Secretary hereby is ordered to serve a copy of this Recommended Decision upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this Recommended Decision is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this Recommended Decision shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 06-0044-W-MA

CITY OF WHEELING
Investigation and suspension of increase in water rates and charges as a result of petitions filed in accordance with *West Virginia Code* §24-2-4b.

APPROVED RATES

SCHEDULE I

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial, industrial and sale for resale water service.

RATE

First 1,000 gallons used per month	$7.10 per 1,000 gallons
Next 499,000 gallons used per month	$3.259 per 1,000 gallons
All over 500,000 gallons used per month	$1.679 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than $7.10 per month, which is the equivalent of 1,000 gallons of water.

5/8-inch meter	$ 7.10 per month
3/4-inch meter	$ 10.65 per month
1-inch meter	$ 17.75 per month
1½-inch meter	$ 35.50 per month
2-inch meter	$ 56.80 per month
3-inch meter	$106.50 per month
4-inch meter	$177.50 per month
6-inch meter	$355.00 per month
8-inch meter	$568.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $1.871 per 1,000 gallons used per month.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

Size of Tap	Charge
5/8-inch and 3/4-inch	$300
1-inch and larger	$400

RECONNECTION CHARGE - $25.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

$0.24 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historic average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by their bank due to insufficient funds.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE II

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

RATE

Fire Service Lines:

2-inch or smaller	$ 56.29 per year
3-inch	$ 90.27 per year
4-inch	$144.43 per year
6-inch	$309.04 per year
8-inch	$534.19 per year
10-inch	$858.10 per year

If unmetered, an additional $85.93 per year

Hydrants: $148.68 per hydrant

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: February 10, 2004

03-1943-S-MA

WHEELING,
ipal corporation.
tigation and suspension of increase
wer rates and charges as a result
titions filed in accordance with
Virginia Code §24-2-4b.

FINAL
3-1-04

RECOMMENDED DECISION

On October 21, 2003, the City of Wheeling (Utility) adopted an nance which increased the sewer rates for service to its customers by imately 38.5%.

On November 17, 2003, the Commission received a petition filed by illage of Bethlehem (Bethlehem), the Town of Triadelphia delphia) and the Ohio County Public Service District (District) ing review of the sewer rate increase. The petition alleged mination.

On November 18, 2003, the Commission asserted its jurisdiction and ended the rates and charges until April 3, 2004. The Commission ured this matter establishing a decision due date of March 4, 2004.

On November 24, 2003, Bethlehem, Triadelphia and the District moved intervene in the proceeding.

By Procedural Order issued December 19, 2003, Bethlehem, Triadelphia the District were granted intervenor status.

By Procedural Order issued December 23, 2003, the matter was set for ing on January 22, 2004. The Utility was ordered to publish notice the hearing.

On January 15, 2004, the Utility provided an affidavit of publica- indicating that it properly published notice of the hearing in Ohio y on January 5, 2004.

The hearing was held as scheduled. Robert R. Rodecker, Esquire, ared on behalf of the Utility. John P. Bailey, Esquire, appeared on lf of the Intervenors. Cassius H. Toon, Esquire, appeared on behalf taff. At the hearing, all parties agreed to the recommendations made

by Staff in its report. (Tr. 6, 7, 8). The Staff recommendations shou be adopted as the resolution of this proceeding.

FINDINGS OF FACT

1. On October 21, 2003, the Utility adopted an ordinanc increasing its sewer rates by approximately 38.5%. (See ordinance).

2. On November 17, 2003, Bethlehem, Triadelphia and the Distric filed a municipal appeal regarding the sewer ordinance. (See filing).

3. On November 18, 2003, the Commission asserted its ratemakin jurisdiction and suspended the ordinance until April 3, 2004. (Se Commission Order).

4. The Utility's current rates produce a cash flow surplus o $136,8585. (Staff Ex 2).

5. Debt service coverage at the Utility's going-level is 118.81 (Id.).

6. The Utility has 1997 bond covenants requiring a debt service c at least 125%. (Id.).

7. The rates as passed in the Utility's ordinance would produce cash flow surplus of $710,128 and provide a debt service coverage c 143.84%. (Id.).

8. The Utility's ordinance was predicated on the need fo additional revenue to support current operations and current debt servic as well as revenue to service a new bond issue and additional O expenses anticipated as a result of a proposed construction projec (See Staff Ex 3; Case No. 03-1609-S-CN).

9. Staff recommends that the Utility be granted a two-step ra increase, with the first rate increase implemented at the end of t suspension period to support the current operations and the second ra increase implemented after the project is constructed to suppo operations and debt service related to the Utility's proposed projec (Staff Ex 3).

10. Staff recommended a pre-construction increase in revenue $418,163 or 9.94%. (Staff Ex 3).

11. Staff recommended a post-construction increase that wou provide additional revenue of $1,390,158 or 33.06%. (Id.).

12. The initial step increase in rates would be sufficient to cov the Utility's operating cash requirements of $3,212,908 and debt servi requirements of $915,804 and provide a surplus of $553,564 to be used f internally funded plant additions. (Id.).

The projected surplus under the Staff-recommended initial reflects the five-year average of net plant additions for the (Staff Exh. 3).

Debt service coverage under the Staff-recommended initial would be 1.658 times. (Id.).

Revenue generated under the post-construction rates proposed by uld cover the Utility's operating cash requirements of $3,381,065 service requirements of $1,719,642. (Id.).

The post-construction rates, as recommended by Staff, provide amount of surplus for internally funded plant additions as its ruction rates. (Id.).

Debt service coverage under the Staff-proposed post-ion rates would be 1.346 times. (Id.).

The post-construction rates provide debt service for the 000 bond issue which is anticipated to be required to support the construction project. (Id.).

The Staff-recommended post-construction rates also cover the cash requirements and additional O&M expenses as projected by (Id.).

Both sets of Staff-recommended rates reflect a restructuring of ed on the Staff Class Cost of Service Studies. (Id.).

The 4,500-gallon bill under the Staff-recommended rates pre-ion is $15.71. (Staff Ex 3, Schedule 6).

The 4,500-gallon rate under the Staff-recommended rates post-ion is $18.95. (Staff Ex 3, Schedule 6-A).

The Utility and the Intervenors have agreed to the Staff-ded rates. (Tr. 6, 7, 8).

CONCLUSION OF LAW

Staff-recommended rates are reasonable, just, based primarily on of service and should be adopted for use by the Utility.

ORDER

IS, THEREFORE, ORDERED the rates attached as Attachment 1 be, and are, approved for use by the City of Wheeling for the provision of ervice on and after April 3, 2004.

IS FURTHER ORDERED that the rates attached as Attachment 2 be, reby are, approved for use by the City of Wheeling upon substantial ion of the project which is the subject of Case No. 03-1609-S-CN.

Public Service Commission
of West Virginia

IT IS FURTHER ORDERED that the City of Wheeling file an original and five copies of tariffs reflecting the attached rates within thirty days of the date that this Order becomes the final Order of the Commission.

IT IS FURTHER ORDERED that the City of Wheeling file with the Commission the actual in-service date of the project in Case No. 03-1606-S-CN within ten (10) days thereof, and an original and five (5) copies of a revised tariff setting forth the actual effective date of the step two rate increase as soon as it begins charging those rates.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

K. A. George

Keith A. George
Administrative Law Judge

KAG:mal
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CASE NO. 03-1943-S-MA
CITY OF WHEELING
APPROVED RATES - PRE-CONSTRUCTION

RATE SCHEDULE 1

ETY
cable within the entire territory served.

TY OF SERVICE
able for general domestic, commercial, industrial and sale for e sewer service.

d on the metered amount of water supplied)

10,000 gallons used per month	$3.49 per 1,000 gallons
90,000 gallons used per month	$3.39 per 1,000 gallons
00,000 gallons used per month	$2.93 per 1,000 gallons
200,000 gallons used per month	$2.12 per 1,000 gallons

CHARGE
alent of 4,500 gallons of water usage, $15.71 per month.

HARGE
ill will be rendered for less than $5.54 per month, which is equivalent of 1,587 gallons of usage with a 5/8" meter.

CTION FEE
ap inspection fee shall be twenty-five dollars ($25.00).

T/RECONNECT/ADMINISTRATIVE FEES
ever water service has been disconnected for non-payment of bills in conjunction with a water service termination ement with the City of Wheeling, a disconnection fee of $25.00 be charged; or, in the event the delinquent sewer bill is ected by the water company, an administrative fee of $25.00 be charged.

ever water service, which has been previously disconnected or rwise withheld for non-payment of a sewer bill in conjunction a water service termination agreement with the City of ring, is reconnected, a reconnection fee of $25.00 shall be ged.

AYMENT PENALTY
above schedule is net. On all accounts not paid in full when ten percent will be added to the net current amount unpaid. delayed payment penalty is not interest and is to be collected once for each bill where it is appropriate.

Public Service Commission
of West Virginia
Charleston

LEAK ADJUSTMENT

$0.399 per 1,000 gallons of water is to be used when the bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historic average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $15.00, will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l $0.045 per pound

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l $0.296 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater. $150.00 per month

RATE SCHEDULE 2

APPLICABILITY

Applicable to other systems served by the Water Pollution Control Division of the City of Wheeling, West Virginia, located outside the city limits.

SERVICE TO OTHER SYSTEMS

Service to other systems to be charged monthly on the basis of the allocated cost of service in the form of a Service Charge and a Volume Rate.

Service Charge	$ 100.00	per month
Volume Rate	1.599	per 1,000 gallons

CASE NO. 03-1943-S-MA
CITY OF WHEELING
APPROVED RATES - POST-CONSTRUCTION

RATE SCHEDULE 1

ble within the entire territory served.

SERVICE
for general domestic, commercial, industrial and sale for
wer service.

the metered amount of water supplied)
gallons used per month $4.21 per 1,000 gallons
gallons used per month $4.05 per 1,000 gallons
gallons used per month $3.91 per 1,000 gallons
gallons used per month $2.56 per 1,000 gallons

GE
of 4,500 gallons of water usage, $18.95 per month.

ill be rendered for less than $6.69 per month, which is the
of 1,589 gallons of usage with a 5/8" meter.

FEE
nspection fee shall be twenty-five dollars ($25.00).

ONNECT/ADMINISTRATIVE FEES
water service has been disconnected for non-payment of
ills in conjunction with a water service termination
with the City of Wheeling, a disconnection fee of $25.00
charged; or, in the event the delinquent sewer bill is
by the water company, an administrative fee of $25.00
charged.

water service, which has been previously disconnected or
withheld for non-payment of a sewer bill in conjunction
water service termination agreement with the City of
is reconnected, a reconnection fee of $25.00 shall be

NT PENALTY
schedule is net. On all accounts not paid in full when
percent will be added to the net current amount unpaid.
yed payment penalty is not interest and is to be collected
for each bill where it is appropriate.

LEAK ADJUSTMENT

$0.447 per 1,000 gallons of water is to be used when the bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all such consumption above the customer's historic average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $15.00, will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/1 $0.054 per pound

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/1 $0.355 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater. $150.00 per month

RATE SCHEDULE 2

APPLICABILITY

Applicable to other systems served by the Water Pollution Control Division of the City of Wheeling, West Virginia, located outside the city limits.

SERVICE TO OTHER SYSTEMS

Service to other systems to be charged monthly on the basis of the allocated cost of service in the form of a Service Charge and a Volume Rate.

Service Charge	$ 100.00	per month
Volume Rate	$ 1.94	per 1,000 gallons

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 4, 2006

FINAL

5-24-06

CASE NO. 05-1807-W-CN

CITY OF WHEELING
Application for a certificate convenience and necessity to construct improvements to its water distribution system facilities located within its service territory.

CASE NO. 06-0044-W-MA

CITY OF WHEELING
Investigation and suspension of increase in water rates and charges as a result of petitions filed in accordance with *West Virginia Code* §24-2-4b.

RECOMMENDED DECISION

PROCEDURE

Case No. 05-1807-W-CN

On December 27, 2005, the City of Wheeling (Wheeling), a municipal corporation, Ohio County, submitted an application under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory. The Commission designated this certificate case as Case No. 05-1807-W-CN. Wheeling has estimated that the total project will cost approximately $12,000,000, to be funded with tax-exempt revenue bonds to be issued by Wheeling. Wheeling indicated that its December 20, 2005 rate ordinance, which is the subject of Case No. 06-0044-W-MA, would generate rates necessary to cover the increased operation and maintenance expenses and increased debt service obligations resulting from the project.

By the December 27, 2005 Notice of Filing, the Commission directed that Wheeling publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Ohio County, providing a 30-day protest period. On January 11, 2006, Wheeling submitted a publication affidavit indicating that, on January 6, 2006, the *Wheeling News-Register*, a newspaper published and generally circulated in Ohio County, published the Notice of

Filing. Among other things, the Notice of Filing provided a 30-day protest period and provided that, if no protests were received within the protest period, the Commission may waive the formal hearing process and rule on the certificate application based upon its review of the information submitted with the application. On January 18, 2006, Wheeling submitted a publication affidavit indicating that, on December 30, 2005, the *Moundsville Daily Echo*, a newspaper published and generally circulated in Marshall County, also published the Notice of Filing.

On January 17, 2006, the Village of Bethlehem (Bethlehem), the Town of Triadelphia (Triadelphia), the Village of Valley Grove (Valley Grove) and the Ohio County Public Service District (District), submitted a letter of protest and petitioned the Commission for Intervenor status in the certificate case. No other letters of protest or objection to the project have been submitted to the Commission.

On February 3, 2006, Staff Attorney Cassius H. Toon submitted the Initial Joint Staff Memorandum, attaching the February 1, 2006 Initial Internal Memorandum from Utilities Analyst Scott McNeely, Water and Wastewater Division, and Staff Engineer Jonathan Fowler, P.E. Staff suggested tolling the statute in the certificate case to permit Staff enough time to fully investigate the matter.

Also on February 3, 2006, Staff Attorney Toon submitted two motions, one to consolidate Case Nos. 06-0044-W-MA and 05-1807-W-CN and the other to extend the decision due date and the filing deadline for the Staff report. On February 6, 2006, the District submitted a letter objecting to Staff motions to extend the decision due date and the Staff report due date.

By the February 8, 2006 Commission Referral Order, the Commission referred Case No. 05-1807-W-CN to the ALJ Division for decision no later than July 25, 2006.

On March 1, 2006, Wheeling submitted several documents which Staff required for its investigation.

Case No. 06-0044-W-MA

On December 20, 2005, Wheeling adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective February 3, 2006. Wheeling published a notice of these rates, and, pursuant thereto, on or about January 17, 2006, Bethlehem, the District, Triadelphia and Valley Grove, all of which are resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's December 20, 2005 rate ordinance, alleging discrimination to their respective customers. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, by the January 18, 2006 Commission Order Suspending Rates and Referring to Administrative Law Judge (Order), the Commission invoked its jurisdiction over the municipal appeal. The Commission designated this municipal appeal proceeding as Case No. 06-0044-W-MA.

By said January 18, 2006 Order, the Commission made Wheeling a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m., June 3, 2006, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the supporting data filed with the rate ordinance and to provide time for Commission Staff to make reports concerning the matters involved in this proceeding. Also, the Order referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before May 4, 2006, effectively 29 days prior to the end of the statutory suspension period, since June 3, 2006, is a Saturday. Finally, the Order directed Commission Staff to file its report on or before March 21, 2006.

On February 24, 2006, Melissa K. Marland, Chief Administrative Law Judge, issued a Procedural Order appointing the undersigned Deputy Chief Administrative Law Judge (ALJ), Ronnie Z. McCann, to review the grievances raised by the petitioners in this proceeding, to conduct a hearing and to issue a recommended decision on the matters involved in this proceeding.

Responding to all of the above, by Procedural Order issued on February 24, 2006, the ALJ adopted a procedural schedule to process and resolve the municipal appeal, including a Friday, March 24, 2006 hearing date.

Consolidation

On March 10, 2006, Staff Attorney Toon submitted a letter withdrawing Staff's motions to extend the decision due date or to extend the Staff report due date. The ALJ contacted Staff Attorney Toon by telephone to make sure that he understood Staff's current position. Staff Attorney Toon indicated that Staff wanted to expedite the certificate application by consolidating it with the municipal appeal case, indicating that Staff would have its report for the certificate case prepared in time for the March 24, 2006 hearing scheduled in the municipal appeal.

Responding to all of the above, by the March 13, 2006 Order Consolidating Cases, the ALJ consolidated Case Nos. 06-0044-W-MA and 05-1807-W-CN for hearing and decision, thereby indicating that he would use the earlier May 4, 2006 decision due date for both cases and would grant the motion from Bethlehem, the District, Triadelphia and Valley Grove for Intervenor status in this consolidated proceeding. Finally, the March 13, 2006 Order confirmed that the pertinent part of the procedural schedule adopted for the municipal appeal case will be used for the certificate case, including the March 24, 2006 hearing date.

On March 24, 2006, the ALJ convened the hearing as scheduled. Wheeling appeared at the hearing by counsel, Robert R. Rodecker, Esquire; the Intervenors appeared by John P. Bailey, Esquire; and Commission Staff appeared by Staff Attorney Cassius H. Toon, Esquire.

Wheeling presented the testimony of four witnesses and presented 11 exhibits. Commission Staff presented the testimony of two witnesses and presented three exhibits. The Intervenors cross-examined the other parties' witnesses and presented two exhibits.

After the hearing, the parties availed themselves of their opportunities under *West Virginia Code* §24-1-9(b) to submit proposed orders, proposed findings of fact and conclusions of law, briefs and replies, all of which the ALJ considered, together with all of the evidence presented, prior to rendering this Recommended Decision.

EVIDENCE

Before any of the witnesses present testified, the parties stipulated the prepared direct testimony of Marie Prezioso, who could not attend the hearing, into evidence as Wheeling Exhibit No. 1. Ms. Prezioso, the Senior Vice President and Manager of the West Virginia Public Finance Department of Ferris, Baker Watts, Inc., testified that she works as a public finance investment banker, providing daily services to a wide range of municipal bond issuers across the state, including structuring, underwriting and advisory services for essential purpose projects, as well as for private purpose projects, through issuing taxable and tax-exempt bonds. Ferris, Baker Watts, Inc., serves Wheeling as an underwriter for the proposed issuance of bonds. As the banker for this transaction, Ms. Prezioso has prepared analyses and structures for different financing options for Wheeling. She plans to prepare and submit information to bond insurers and/or rating agencies. She will review bond documents and prepare the transaction for market. Ferris, Baker Watts, Inc., will underwrite and distribute the proposed bonds and will arrange for the delivery and settlement of the bonds and the investment of bond proceeds. (Wheeling Exhibit No. 1, pp. 1-2).

Ms. Prezioso has advised Wheeling that, since Rural Utilities Service (RUS) financing or other low or below-market value financing is not available to Wheeling, based on today's market, since Wheeling has a history of obtaining "AAA/Aaa" bond insurance, issuing "AAA/Aaa" insured bonds would provide the lowest borrowing cost for Wheeling's proposed project. Ferris, Baker Watts, Inc., would market the proposed transaction through a public issuance of bonds. Should "AAA/Aaa" insurable bonds not be obtainable, she would pursue other alternatives for issuing the bonds. (Wheeling Exhibit No. 1, p. 2).

Ms. Prezioso indicated that Wheeling plans to issue bonds not to exceed the amount of $12,000,000, bearing interest at a rate not to exceed 6.5%, with a final maturity of approximately 30 years. Based on her professional experience, she opined that the proposed financing is reasonable. She is aware that Wheeling also has borrowed $1,500,000 for designing the project. That bank loan will be paid off with proceeds from the bond issuance. She opined that the short-term design loan also is reasonable. (Wheeling Exhibit No. 1, pp. 2-3).

The first witness at the hearing who testified was William F. Huggins, the Superintendent of Wheeling's water department, who identified his prepared direct testimony, which the ALJ received as Wheeling Exhibit No. 2. Mr. Huggins is responsible for the day to day operation of Wheeling's

water utility. Mr. Huggins prepares Wheeling's annual budget for operating the water department. Mr. Huggins opined that the rates contained in Wheeling's rate ordinance are necessary to generate the revenues needed by Wheeling to operate its public water utility. Those rates will generate revenues sufficient to cover all of Wheeling's operation and maintenance (O&M) expenses and the debt service related to the project, including the design loan. In recent years, Wheeling tried to keep its rates low, but ended up not receiving revenues sufficient to enable it to provide the necessary O&M to its system or to upgrade its system. The project includes replacing several water mains and eliminating dead-ends to certain water lines, as well as replacing some of the water treatment plant and rehabilitating other parts of the treatment plant. The rate ordinance contains rates that may be lower than the amount needed to accomplish all that Wheeling needs to accomplish, but Wheeling has prioritized the needed projects and will concentrate on meeting the greatest needs first. (Tr., p. 15-16; Wheeling Exhibit No. 2, pp. 1-4).

Mr. Huggins explained a couple of issues that he has with Commission Staff's final recommendation. First, he disagreed with the Staff-recommended tap fee. He opined that the tap fee should be a little higher than the Staff-recommended amount and that it should be a round number. He proposed that the tap fee be $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters. He identified documents setting forth the actual costs associated with providing new taps, which the ALJ received as Wheeling Exhibit Nos. 3 and 4. The actual cost for installing 5/8-inch meters averaged $883.16 and the actual cost for installing 3/4-inch and larger meters averaged $1,870.34. He acknowledged that it is Commission policy not to completely allow a utility to recover the entire cost of setting meters with tap fees, but he believes that the Staff-recommended fees are too low. (Tr., pp. 16-21).

The other Staff recommendation with which Mr. Huggins took issue was elimination of a proposed line item in the tariff to cover unmetered fire service fees. He explained the situation where, due to the age of Wheeling's water distribution system, certain downtown businesses would be able to avoid paying a fire protection fee or not pay the appropriate amount if this line item is left out of the tariff. The unmetered rate for this fee, as proposed, is $85.93. He explained that some of the lines providing fire service are metered and some are not. He is not speaking of meters for general water service, but only of meters used to measure the amount of water used for fire service. These meters are not used to calculate the water bill owed for fire service, but are used to determine whether a fire service line is leaking or turned on without being used to put out a fire, i.e., some businesses or individuals steal water from the fire service lines. The Staff-recommended rates contain a rate for those businesses with a meter, but do not contain a rate for those businesses without a meter. The metered rate fluctuates depending on meter size. However, many downtown businesses have unmetered fire service. Without this line item, Wheeling would not be authorized to charge those businesses for private fire protection service. All new customers are metered for fire service, but the older ones are not. These fire services do not include fire hydrant services, but include sprinkler systems used for fire protection. The unmetered fee acts as an incentive for the businesses to install a meter. Again, the meter is not used as a device to gather data to bill the customer; it is a backflow device. Once water starts flowing through the fire protection lines due to a fire, the check valve stops the meter from working. These meters are chiefly a way to make sure that water intended for fire

protection is not used for other purposes, i.e., they are leak detectors. The requested rate is to act as an incentive to get the older structures in the downtown area to install the meters. Under the Staff-recommended rates, those businesses would not have to pay anything for fire protection, while the structures with meters would. Approximately 50 businesses do not have meters. (Tr., pp. 21-27, 31-36).

Mr. Huggins explained that, in 2001, he met with representatives from the Intervenors and others to discuss the plans for the current proposed project. The project at that time was divided into three phases. The current certificate application seeks approval of most of what was then referred to as Phase I. However, due to some directives from the federal Environmental Protection Agency (EPA), some changes to the project had to be made. The present project includes most of what was then called Phase I, with several EPA-mandated changes. The decision has not yet been made whether or not the other two phases will follow in the future. Wheeling had its "wish list" in 2001, set forth in three phases. However, with the EPA changes, Wheeling's wish list has changed. (Tr., pp. 27-29).

Mr. Huggins acknowledged that Wheeling's unaccounted-for water currently is 25.7%. That figure has hovered over 20% for several years. In 1987, the Commission approved a leak detection fund, which Wheeling has used to carry out a leak detection and correction program. However, Wheeling has not been able to significantly reduce the leaks in its system due to many of the pipes being very old. Wheeling detects leaks and repairs them. However, what is needed is a total pipe replacement project, which is what the proposed project is, although this project will not address every area where leaks may occur, i.e., it will address the oldest areas where most leaks occur. (Tr., pp. 29-31).

Next, Lise Sibicky testified on Wheeling's behalf. Ms. Sibicky identified her prepared direct testimony, which the ALJ received as Wheeling Exhibit No. 5. Ms. Sibicky, an engineer since 1979, licensed to practice in West Virginia since 1991 and employed by the firm of Burgess and Niple, Inc., testified that she serves as the project engineer for Wheeling's proposed project. Her firm designed the project based upon Wheeling's needs and upon her firm's findings after investigating Wheeling's water system. Wheeling's distribution system needs are varied and spread throughout the system, including areas outside the corporate limits. She prepared a document titled "Justification for Water Distribution System Upgrades", which the ALJ received as Wheeling Exhibit No. 6. (Tr., pp. 37-40; Wheeling Exhibit No. 5, pp. 1-3; Wheeling Exhibit No. 6).

Ms. Sibicky described Wheeling's current system and outlined the various parts of the proposed project. The project consists mostly of replacing old mains, due to many leaks, due to complaints about "red water" and due to insufficient fire hydrant pressure and volume. Wheeling currently serves about 13,791 customers, plus six resale customers. The plant currently produces a daily demand of about 6,800,000 gallons of water, but only accounts for about 4,800,000 gallons of water through sales and other known uses, leaving 28% of the water unaccounted for. The treatment plant is designed to treat up to 14,000,000 of water per day. Wheeling currently maintains 190 miles of water mains, 10 booster stations and 19 water storage tanks with a total storage capacity of

15,000,000 gallons. The engineering studies identified 32 different locations where the water distribution system has deficiencies which the project needs to address. (Wheeling Exhibit No. 6, p. 1).

The Warwood Terrace loop is needed because, currently, the northern ends of these lines are not connected. Forming a loop will improve the water quality and fire protection capability for those customers. This portion of the project will connect the two water mains in that area. The very old 2-inch galvanized steel main serving Nuttal Avenue needs to be replaced, since it is a source of many leaks, produces red water and does not have the pressure needed to serve the area. Replacing this old galvanized steel main with a 2-inch PVC line will correct that problem. Also, a pressure-reducing valve will be installed at the point where the main connects to a larger main, since no fire hydrants are located on this portion of the system, which serves only about 10 customers. The Warwood Terrace pressure reducing valve also needs to be replaced, since failures of this valve cause pipes to burst. The Greggsville Tank line, comprised of unlined cast iron, needs to be replaced with PVC to eliminate constant complaints about red water. Likewise, the G.C.&P. Road line, which is comprised of unlined steel, averages about two breaks per year and is a constant source of complaints about red water, needs to be replaced. The Greggsville water main, comprised of unlined cast iron, is severely corroded, has mineral deposits and is a source of more red water. It needs to be replaced to improve water quality and fire protection. (Wheeling Exhibit No. 6, pp. 1-2).

The Bello Vedere and the Cloverfield water mains, which are 2-inch and 3-inch galvanized steel lines that are in very poor condition, leading to numerous leaks and complaints of red water, need to be replaced. The Waddels Run 12-inch ductile iron line was improperly installed about 30 years ago, leading to at least one major leak per year; it needs to be replaced. This line is the only main serving the Boggs Hill area and Wheeling Park High School. Forest Hills is supplied with water from a booster station that was installed in 1943. This booster station is in very poor condition, is undersized and needs to be replaced. The project also will replace the line between Forest Hills and Barrington, benefitting customers in both areas. The Bethany Pike loop, comprised of unlined cast iron, is out of service and needs to be replaced. The College Drive loop, comprised of 2-inch galvanized pipe, needs to be replaced with 8-inch PVC, which will add fire protection service to that area. The unlined cast iron main serving North Wabash Street is severely corroded, contains lead, is a source of red water and needs to be replaced. The same is true of the Ontario Street main. The North Island loop, comprised of unlined cast iron and galvanized steel, also is severely corroded and needs to be replaced to improve water quality and fire protection. (Wheeling Exhibit No. 6, pp. 2-4).

The North Erie Street cast iron main is severely corroded, has mineral deposits on the inside and is a source of very poor water quality. Replacing this main will improve the water and fire service quality. The Indiana Street, North Front Street, Kentucky Street and North Huron Street mains are also comprised of cast iron, are very old and are corroded. These all need to be replaced. Also, the project will install a 12-inch main to connect Georgia Street to Kentucky Street, increasing the water supply to Wheeling Island. Three river crossings currently are located at Fink Street, Kentucky Street and Ohio Street. The newest of these river crossings, built in 1970, is a 16-inch ductile iron pipe. The other two are 14-inch and 10-inch pipe. One of these needs to be replaced,

since it was damaged in the 1980s by a barge and has never been repaired. (Wheeling Exhibit No. 6, pp. 5-6).

At 15th Street, the current main is unlined cast iron and severely corroded. This line needs replaced. The Rio Vista main is a dead-end line. The project will correct this situation by providing an alternative water source from the Village of Bethlehem. The main in Baumann's Addition, comprised of unlined steel, is a constant source of red water and the pressure is not proper for fire protection. This line will be replaced. The mains at Incline Avenue and Kettler Avenue average numerous leak per year and will be replaced. The project will provide a second water source to the Marshall County Public Service District. The current water main serving the Grandview Reservoir is on top of the ground, made of cast iron and is a constant source of red water. This main needs to be replaced. The12-inch unlined cast iron main on Bow Street is a source of constant leaks and needs to be replaced. The booster station serving the Oakmont tank was installed in the 1950s and is in very poor condition. This booster station needs to be replaced. Replacing the booster station will be accompanied with several replacements and modifications to the lines, which will improve the water pressure and supply for this area and correct a lot of the unaccounted-for water. Finally, the Clator tank valve needs to be moved about one mile northwest to provide better service, including allowing the Wheeling Park booster station to function properly, enlarging the service area of the Clator tank and allowing the Clator tank to circulate properly. (Wheeling Exhibit No. 6, pp. 6-8).

Ms. Sibicky explained that she did not determine which projects were to be included in the certificate application. Rather, she designed the projects that were outlined by Wheeling officials for her to design. The projects included in the certificate application are not all of the projects that Wheeling needs to do, but these are all that are included in this application. However, this certificate case includes a very large portion of the total projects that need to be addressed. The certificate project is an incorporation of a large number of smaller projects, some of which may have been included in the former designation of Phase II or Phase III, as well as Phase I. Also, some of the projects contained in the current certificate project were not included in the 2001 identification list. She emphasized that her job was to design what Wheeling decided needed to be done first. (Tr., pp. 41-43). Ms. Sibicky estimated that, if construction is started in late summer of 2006, the entire project would be completed and online by early 2007. Construction of the project should take six to seven months. All of the bids will be done at one time. (Tr., pp. 43-44).

The next witness who testified on Wheeling's behalf was William W. Allis, Jr., a senior engineer and project manager employed by the consulting firm of Gannett Fleming of Camp Hill, Pennsylvania, for the past 24 years. He identified his prepared direct testimony and two accompanying exhibits, which the ALJ received as Wheeling Exhibit Nos. 7, 8 and 9. Mr. Allis is the project manager and authored "Wheeling WTP Evaluation and Improvements", which includes an evaluation of Wheeling's water treatment plant (WTP), identification of a recommended WTP improvement plan, facility designs, evaluation of the distribution system's Supervisory Control and Data Acquisition (SCADA) system, a SCADA communications study, a SCADA system upgrade design and the design of the upgrades to the Wheeling Park booster pumping station. Mr. Allis prepared reports and studies detailing his work, i.e., the exhibits referred to in his prepared direct

testimony. His firm conducted multi-disciplinary engineering inspections of Wheeling's water treatment plant and the Wheeling Park booster station to assess any needed improvements to those facilities. The inspection determined that those facilities were in poor condition, largely due to age and deferred maintenance. He recommended improvements that included a roof replacement, mechanical and electrical upgrades and pump replacement. The detailed design of these improvements was included in the certificate case. His firm also recommended vast replacement and/or improvements to Wheeling's SCADA system as part of the certificate case. (Tr., pp. 45-48; Wheeling Exhibit No. 7, pp. 1-5; Wheeling Exhibit Nos. 8 and 9).

Mr. Allis testified that the water treatment plant, originally built in the 1920s, was designed to treat 20,000,000 gallons of water per day, which is adequate for the hydraulic demands. However, since current regulations require a robust multi-barrier disinfection approach to protect from microbial pathogens, Wheeling's current treatment plant is not suitable for today's demands and requirements. This is critical because the source of Wheeling's water is the Ohio River, which has many upstream combined sewer overflows. The treatment plant needs many updates and replacements to be able to provide a safe and adequate water supply. If all of the needed improvements to the treatment plant are made, it would cost $20,000,000. Wheeling will have to improve its treatment plant in phases, with some of the Phase I improvements included in the instant certificate case. (Wheeling Exhibit No. 7, pp. 5-7).

Wheeling's final witness was Jack Bodkin, a certified public accountant, who prepared Wheeling's Rule 42 Exhibit, which the ALJ received as Wheeling Exhibit No. 11. Mr. Bodkin's prepared direct testimony was received as Wheeling Exhibit No. 10. Mr. Bodkin testified that he developed the rates and rate structure contained in Wheeling's rate ordinance. He opined that the rates he developed would cover all operation and maintenance (O&M) expenses, allow for average plant additions and provide a 125% debt service coverage ratio. The debt service includes the additional debt service to be generated by the project in the certificate case. He relied upon information given him by Ms. Prezioso and Mr. Allis. He made going-level adjustments to include all known and measurable changes to O&M expenses, including changes to salary, employee benefits and treatment costs. Although the rates developed by Mr. Bodkin reflected an across-the-board increase to all rate classes and were not based on a customer class cost of service study, he opined that the rates contained in the rate ordinance did not discriminate against any customer class or against the Intervenors, who are resale customers, in particular. He opined that the revenues that would be produced by the rates contained in the rate ordinance are necessary to cover all of Wheeling's O&M expenses, debt service and reasonable plant additions. (Tr., pp. 49-52; Wheeling Exhibit No. 10, pp. 1-5; Wheeling Exhibit No. 11). Mr. Bodkin clarified that the rate structure contained in Wheeling's rate ordinance is a declining block rate structure which gives users of larger amounts of water the benefit of an economy of scale. (Tr., p. 52).

As its first witness, Commission Staff called Joseph Marakovits, Engineering Division, to testify. Mr. Marakovits worked on these cases along with Staff Engineer Jonathan Fowler, who no longer works at the Commission. Mr. Marakovits sponsored the reports from Mr. Fowler as well as his own work. The Staff Report, authored by Mr. Marakovits and Utilities Analyst Scott McNeely,

Water and Wastewater Division, was received as Staff Exhibit No. 1. The March 21, 2006 Final Internal Memorandum from Mr. McNeely and Mr. Fowler was received as Staff Exhibit No. 2. The engineering allocation factors prepared by Mr. Marakovits were received as Staff Exhibit No. 3. Wheeling's most recent rates were adopted in 2001. Wheeling, which currently serves about 14,000 customers, including six resale customers, has 25.7% unaccounted-for water. The certificate project, which includes replacing about 52,000 feet of water mains and 13,000 feet of service mains, will rehabilitate much of the distribution system and should address much of this unaccounted-for water loss. Staff recommended approval of the certificate project chiefly to address the unaccounted-for water and to address many quality of water issues which Wheeling has. In addition to recommending approval of the certificate application, Staff recommended that Wheeling continue spending about $75,000 annually to paint tanks and address other deficiencies outlined by the Health Department. Although the treatment plant either needs to be replaced or a major overhaul in the future, the instant certificate case does not fully address this problem; a future certificate case will have to address that problem. Replacing the treatment plant may cost over $20,000,000. This certificate project is chiefly to rehabilitate the distribution system, which will cost between $11,000,000 and $12,000,000. Mr. Marakovits outlined several going-level adjustments totaling $178,694 and recommended a surplus of $525,512 for Wheeling, which includes $346,818 in average plant additions and the $178,694 in going-level adjustments. The reason for this recommended surplus is to make up for the fact that Wheeling has been neglecting many needed plant additions for several years due to a cash flow shortage. The actual plant additions have decreased during each of the past five years, due, in Mr. Marakovits' opinion, to a lack of funds. (Tr., pp. 54-58, 76-77; Staff Exhibit Nos. 1, 2 and 3).

Mr. Marakovits explained that, in Wheeling's last rate case, the Utilities Division analyzed the rates and a different member of the Engineering Division prepared the allocation factors. He stated that, in this case, he used and interpreted the allocation factors in the same manner as he has always done. If those factors were analyzed differently in the prior case, he cannot comment on that. Specifically, he cannot explain how Ingrid Ferrell may have provided different allocation factors in the previous rate case, but he believes that the factors he provided in this case are correct. He acknowledged that several of the factors he used, such as the maximum hour and maximum daily demand factors, should benefit the resale customer class. He speculated that the high unaccounted-for water that Wheeling experiences may explain some of the reason why the resale rates that Staff has recommended in this case are as high as they are. Mr. Marakovits prepared the allocation factors and the remainder of the cost of service study was performed by Mr. McNeely. The ALJ received a report from Wheeling's last rate case, Case No. 01-1681-W-MA, prepared by Technical Analyst Ingrid Ferrell, into evidence as Protestant Exhibit No. 1. (Tr., pp. 58-76; Protestant Exhibit No. 1).

Next, Utilities Analyst Scott McNeely testified on behalf of Commission Staff. Mr. McNeely worked on the municipal appeal and the certificate case, helping to prepare reports in each proceeding. Although Mr. McNeely did not need to make any corrections of his reports or recommendations, he did change two of his recommendations due to the testimony of Wheeling's witnesses. First, he agreed that the tap fees should be $300 and $400, as requested by Wheeling. He believes that Wheeling has justified these tap fee rates. Also, he agreed that the unmetered fire protection fee of $85.93 should be adopted, as requested by Wheeling. He did not understand that

fee until it was explained by Wheeling's witnesses and he now believes that it is appropriate. Mr. McNeely marked Staff Exhibit Nos. 1 and 2 to reflect these changed recommendations. (Tr., pp. 78-82; Staff Exhibit Nos. 1 and 2).

Mr. McNeely explained that, currently, Wheeling does not have a separate resale rate. However, the customer class cost of service study clearly shows that, rather than running Wheeling's resale customers through the rate blocks, a separate resale rate should be adopted. Without this separate resale rate, Wheeling's rates would produce cross-subsidization across customer classes, which is not permitted by Commission policy. The separate resale rate eliminates all cross-subsidization in Wheeling's rate structure. The resale rate is greater than the rate block for customers who use the most water, i.e., 500,000 gallons per month. Four of Wheeling's resale customers purchase more than 500,000 gallons per month and two resale customers purchase less than 500,000 gallons per month. (Tr., pp. 81-84).

Mr. McNeely opined that, for a municipality like Wheeling, if the actual bids for the project come in high but do not affect rates, Wheeling would not have to obtain separate Commission approval prior to commencing construction. For example, since the financing is to be from municipal bonds, if the interest rate ends up higher than 6.5%, that change would still be approved in this case, since these kinds of interest rates fluctuate according to the bond market. However, if the financing or the scope of the project requires higher rates, then Wheeling would have to reopen the certificate case as well to obtain separate Commission approval. (Tr., pp. 84-86).

Mr. McNeely acknowledged that the Staff-recommended rates increase the rate for resale customers by about 49%. Residential and commercial rates will be increased by about 42%. The ALJ received another report from Wheeling's most-recent rate case, Case No. 01-1681-W-MA, prepared by Utilities Analyst Steve Kaz, as Protestant Exhibit No. 2. Mr. McNeely explained that the previous rate case was analyzed by the Utilities Division. He cannot speak to how the Utilities Division analyzes these types of rate cases. However, Mr. McNeely indicated that he followed the same procedures in this case as in many other in which he has been the rate analyst and he believes that he is correctly following the procedures of the Water and Wastewater Division. Mr. McNeely believes that the Commission changed its policy with regard to setting rates for water utilities when it placed all such cases in the Water and Wastewater Division. Mr. McNeely realizes that a different result was obtained in the previous case and believes that, at the time, that result was correct. However, now he believes that the rates and rate structure that he obtained from the calculations he made are the correct results for this case. One point of contention was how to apportion the functionality of the plant. In the previous case, the maximum day and commodity function was 50/50, but Mr. McNeely believes that the proper apportionment is 90% for the maximum day and 10% for the commodity. He opined, however, that this 90/10 apportionment would make only a minute difference in the resulting rates for each customer class. Mr. McNeely believes that the Staff-recommended rates and rate structure will eliminate all cross-subsidization by customer classes. Although he acknowledges that some costs have been shifted to the resale customers, he believes that these shifts are necessary to prevent cross-subsidization among customer classes. (Tr., pp. 87-94).

Mr. McNeely recommended that the new rates contained in the ordinance become effective prior to completion of the project, since the financing obtained by Wheeling has to be repaid starting immediately upon receipt. Wheeling, unlike many other water utilities, did not qualify or obtain financing where payment on the principal is postponed for two years. It has to issue municipal bonds and begin making payments on those bonds soon after issuance. Had Wheeling obtained grants or financing from an entity like the State Revolving Fund or the Rural Utilities Service, he may have made a different recommendation. (Tr., pp. 94-95).

Mr. McNeely acknowledged that the rate increase will be more for some of the resale customers than for others, depending upon the amount of water each purchases. He speculated that the project may change the dynamics of Wheeling's rate structure in future rate cases, especially if it corrects the high unaccounted-for water. Mr. McNeely indicated that he would supply a post-hearing exhibit depicting what the rates would be if Wheeling's existing rate structure were adopted along with the Staff-recommended revenue requirement, so that the parties could make a more informed argument by having those figures to refer to. He also would include in the post-hearing exhibit responses to other questions which the parties raised at the hearing. (Tr., pp. 95-105; Staff Exhibit No. 1).

Mr. McNeely testified that it is Commission policy to establish separate resale rates where a utility has resale customers. Some of the perceived problem in this case may arise from the many different sizes of Wheeling's six resale customers. Also, with respect to when the rates should go into effect, this project is basically replacing lines that already are being used, rather than installing new lines or treatment plant. The customers already have the benefit of the lines, except that they are leaking and deliver a poor quality of water. (Tr., pp. 105-111).

As discussed at the hearing, on March 29, 2006, Commission Staff submitted three post-hearing exhibits, hereby received as Staff Post-Hearing Exhibit Nos. 1, 2 and 3. These exhibits provided different scenarios and how those scenarios would affect the rates, so that the parties could make their arguments based on actual calculated numbers rather than ballpark estimates and so that the ALJ could informatively consider those arguments in their proper context. Staff Post-Hearing Exhibit No. 1 shows the effect of billing the resale customers through the existing block rate structure, rather than creating a separate resale rate, but using the same 90/10 functionalization for maximum day and commodity. Under this scenario, all customer classes would experience an increase of approximately 1% above the Staff-recommended rates, which would subsidize the resale customers a total of $40,039. Staff Post-Hearing Exhibit No. 2 shows the effect of billing resale customers under Staff's proposed resale rate, but with a 50/50 functionalization. Under this scenario, no significant change in rates would result, i.e., the resale customers would receive a $39 benefit. Staff Post-Hearing Exhibit No. 3 shows resale customers billed through the existing block rate structure with a 50/50 functionalization. Under this scenario, all customers would experience an approximate 1% rate increase above the Staff-recommended rates, with the resale customers being subsidized by $40,000, with $22,492 of that subsidy coming from the residential class. (Staff Post-Hearing Exhibit Nos. 1, 2 and 3).

On April 19, 2006, Commission Staff submitted another post-hearing exhibit, which the ALJ hereby receives into evidence as Staff Post-Hearing Exhibit No. 4. In this exhibit, Staff takes the position that the arguments made by the resale customers are correct with respect to at least part of the apportionment of the functionality of the plant, i.e., while the 90/10 apportionment is proper for all categories for which the resale customers gain a benefit, apportioning the cost of fire hydrants and fire mains as part of the resale customers' obligations is not proper. Under Staff's Post-Hearing Exhibit No. 4, that correction has been made, which results in a $11,728 reduction of revenue obtained from resale customers, or decreases the resale rate from $1.893 per 1,000 gallons to $1.871 per 1,000 gallons. Staff attached a modified tariff showing the resulting rates for all customer classes. However, as pointed out in a letter[1] from Wheeling, the modified tariff attached by Staff failed to include the amended tap fees agreed to by Staff at the hearing and the unmetered fee for fire protection.

On May 4, 2006, Staff Attorney Toon submitted a Further Joint Staff Memorandum, attaching a Third Further Internal Memorandum from Utilities Analyst McNeely clarifying Staff Post-Hearing Exhibit No. 4 and a corrected Staff-recommended tariff, which the ALJ hereby receives as Staff Post-Hearing Exhibit No. 5. The Staff-recommended tariff attached to Staff Post-Hearing Exhibit No. 4 failed to include the stipulated changes to the tap fees and the non-metered fire protection fee and failed to include a delayed payment penalty in Schedule I. The tariff attached to Staff Post-Hearing Exhibit No. 5 corrected these omissions.

DISCUSSION

Having considered all of the above, including all of the evidence presented at the hearing, the post-hearing exhibits and the argument of counsel, the ALJ holds that he will adopt the Staff-recommended revenue requirement, rates and rate structure. The only point of contention in this case was the rate structure. All parties agreed that the Staff-recommended revenue requirement was appropriate for Wheeling. The parties disagreed chiefly on how that level of revenue should be collected from the various customer classes. In particular, the resale customers believed that, with the advent of a separate resale rate, the resale customers were having to bear the brunt of the rate increase.

While the ALJ agrees that the percentage of increase will be greatest for the resale customers, the ALJ holds that the Staff-recommended rates and rate structure are based on a customer class cost of service study and should be followed unless that study is shown to be faulty or unreasonable. Simply because adding the resale rate places a greater burden on the resale customers compared to other customer classes is not enough to show that the results of the cost of service study are faulty or unreasonable. In fact, any time that such a study is performed, the result usually shifts a greater portion of the burden to one class or another. That is why cost of service studies are performed, i.e.,

[1]On April 25, 2006, the Commission received a letter from Robert R. Rodecker, counsel for Wheeling, pointing out that the tariff attached to the April 19, 2006 Staff filing did not include the changes to the tap fees and did not add the unmetered fee for fire protection.

to make sure that each customer class is paying its fair share. Adding a resale rate in this case does not mean that the rate structure approved by the Commission in the past was incorrect or unreasonable. It simply means that, under today's demands from each customer class, a separate rate for resale customers is now warranted.

Also, the ALJ has studied the various scenarios presented in Staff Post-Hearing Exhibit Nos. 1, 2 and 3. The ALJ holds that adopting one of those scenarios is improper in that no showing has been made that the cost of service study is faulty or unreasonable. The Commission always attempts to adopt rates that will not permit one customer class to subsidize another. Sometimes, in the guise of avoiding rate shock or implementing rate increases gradually, the Commission permits one class to subsidize another for a limited period of time. However, the differences in the rate increases for each customer class in this case do not warrant a phased-in implementation of the resale rate. The Staff-recommended resale rate as determined by the cost of service study is proper, except as discussed in the following paragraph.

Staff Post-Hearing Exhibit No. 4, as corrected by Staff Post-Hearing Exhibit No. 5, does make a change in the Staff-recommended rates by removing two categories which should not be borne by the resale customers, i.e., the cost of fire hydrants and the cost of lines dedicated to fire protection. The ALJ agrees with this adjustment and holds that the tariff attached to Staff Post-Hearing Exhibit No. 5 is the correct rate structure for this case, including the amended tap fees, the unmetered fee for fire protection and the delayed payment penalty for Schedule I. The ALJ will adopt the tariff attached to Staff Post-Hearing Exhibit No. 5 as depicting the proper rates and rate structure for the rate case.

Pertaining to the certificate case, Wheeling showed in detail the great need for the proposed project to replace leaking pipes throughout its distribution system which are contributing to a high unaccounted-for water rate; Wheeling presented evidence that it can obtain the financing needed for the project in an amount not to exceed $12,000,000 at a rate not to exceed 6.5% for a term of 30 years by issuing tax-exempt municipal bonds; and Wheeling demonstrated that the rates approved in Case No. 06-0044-W-MA will cover any increased O&M expenses and debt service required by the project while allowing a $525,512 cash flow surplus for needed plant additions. Further, Commission Staff has thoroughly reviewed the proposed project and recommended approval. Therefore, the ALJ holds that he will grant the application for a certificate of public convenience and necessity and will approve the proposed financing for the project.

Although Commission Staff recommended that further Commission approval was required only if changes to the scope, cost or the financing of the project affected rates, the ALJ does not believe that Staff's position is a correct statement of the Commission's policy or state law. In cases where the project financing is obtained through the West Virginia Infrastructure and Jobs Development Council (IJDC), the Commission has relaxed this requirement pursuant to a change in *West Virginia Code* §24-2-11(j), which states:

> (j) A public utility which has received a certificate of public convenience and necessity from the commission and has been approved by the infrastructure and jobs

development council, is not required to, and cannot be compelled to, reopen the proceeding if the cost of the project changes but the change does not effect the rates established for the project.

It is clear that financing for Wheeling's project is through the issuance by Wheeling of tax-exempt municipal bonds, not from financing obtained through the IJDC. For this reason, the ALJ will require Wheeling to obtain separate Commission approval should the scope, cost or the financing for the project change for any reason.

FINDINGS OF FACT

1. Wheeling submitted an application under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory. Wheeling has estimated that the total project will cost approximately $12,000,000, to be funded with tax-exempt revenue bonds to be issued by Wheeling. Wheeling indicated that the December 20, 2005 rate ordinance, which is the subject of Case No. 06-0044-W-MA, would generate rates necessary to cover the increased operation and maintenance expenses and increased debt service obligations resulting from the project. (See, December 27, 2005 application).

2. Wheeling published the December 27, 2005 Notice of Filing on January 6, 2006, in the *Wheeling News-Register*, a newspaper published and generally circulated in Ohio County. The Notice of Filing provided a 30-day protest period and provided that, if no protests were received within the protest period, the Commission may waive the formal hearing process and rule on the certificate application based upon its review of the information submitted with the application. Wheeling also submitted a publication affidavit indicating that, on December 30, 2005, the *Moundsville Daily Echo*, a newspaper published and generally circulated in Marshall County, also published the Notice of Filing. The Village of Bethlehem, the Town of Triadelphia, the Village of Valley Grove and the Ohio County Public Service District jointly submitted a letter of protest and petitioned the Commission for Intervenor status in the certificate case. No other letters of protest or objections to the project have been submitted to the Commission. (See, January 11 and 18, 2006 publication affidavits; January 17, 2006 letter; Commission's file).

3. The City of Wheeling adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective February 3, 2006. Wheeling published a notice of these rates, and, pursuant thereto, on or about January 17, 2006, Bethlehem, the District, Triadelphia and Valley Grove, all of which are resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's December 20, 2005 rate ordinance, alleging discrimination to their respective customers. Pursuant to the protest and pursuant to *West Virginia Code (Code)* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal, made Wheeling a Respondent thereto and, pending investigation, hearing and decision in this matter, the Commission suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m.,

June 3, 2006, unless otherwise ordered by the Commission (See, January 18, 2006 Commission Order Suspending Rates and Referring to Administrative Law Judge).

4. Ferris, Baker Watts, Inc., will underwrite and distribute the proposed bonds and will arrange for the delivery and settlement of the bonds and the investment of bond proceeds. (See, Testimony of Marie Prezioso, Wheeling Exhibit No. 1, pp. 1-2).

5. Due to the unavailability to Wheeling of RUS or other low or below-market value financing, based on today's market, since Wheeling has a history of obtaining "AAA/Aaa" bond insurance, issuing "AAA/Aaa" insured bonds would provide the lowest borrowing cost for Wheeling's proposed project. Ferris, Baker Watts, Inc., would market the proposed transaction through a public issuance of bonds. Should "AAA/Aaa" insurable bonds not be obtainable, Ferris, Baker Watts, Inc., would pursue other alternatives for issuing the bonds. (See, Testimony of Marie Prezioso, Wheeling Exhibit No. 1, p. 2).

6. Wheeling plans to issue bonds not to exceed the amount of $12,000,000, bearing interest at a rate not to exceed 6.5%, with a final maturity of approximately 30 years. Wheeling, which has borrowed $1,500,000 for designing the project, will pay off that loan with proceeds from the bond issuance. (Wheeling Exhibit No. 1, pp. 2-3).

7. Wheeling believes that the rates contained in its rate ordinance are necessary to generate the revenues needed by Wheeling to operate its public water utility. Those rates will generate revenues sufficient to cover all of Wheeling's O&M expenses and the debt service related to the project, including the design loan. The rate ordinance contains rates that may be lower than the amount needed to accomplish all that Wheeling needs to accomplish, but Wheeling has prioritized the needed projects and will concentrate on meeting the greatest needs first. (See, Testimony of William F. Huggins, Tr., p. 15-16; Wheeling Exhibit No. 2, pp. 1-4).

8. Wheeling disagreed with the Staff-recommended tap fee, believing that the tap fee should be a little higher than the Staff-recommended amount and that it should be a round number. Wheeling proposed that the tap fee be $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters. Acknowledging that it is Commission policy not to completely allow a utility to recover the entire cost of setting meters with tap fees, Wheeling believes that the Staff-recommended fees are too low. (See, Testimony of William F. Huggins, Tr., pp. 16-21).

9. Wheeling also took issue with the Staff recommendation to eliminate a proposed line item in the tariff to cover unmetered fire service fees. Due to the age of Wheeling's water distribution system, certain downtown businesses would be able to avoid paying a fire protection fee or not pay the appropriate amount if this line item is left out of the tariff. The unmetered rate for this fee, as proposed, is $85.93. Under the Staff-recommended rates, those businesses without these check meters would not have to pay anything for fire protection, while the structures with meters would. Approximately 50 businesses do not have these meters, which are not used to calculate a rate but only

to monitor water usage to be aware of leaks and whether someone is stealing water. (See, Testimony of William F. Huggins, Tr., pp. 21-27, 31-36).

10. In 2001, what is now the certificate project was divided into three phases. The current certificate application seeks approval of most of what was then referred to as Phase I. However, due to some EPA directives, some changes to the project had to be made. The decision has not been made whether or not the other two phases will follow in the future. (See, Testimony of William F. Huggins, Tr., pp. 27-29).

11. Wheeling's unaccounted-for water rate currently is 25.7%. That figure has hovered over 20% for several years. In 1987, the Commission approved a leak detection fund, which Wheeling has used to carry out a leak detection and correction program. However, Wheeling has not been able to significantly reduce the leaks in its system due to many of the pipes being very old. Wheeling detects leaks and repairs them. What is needed is a total pipe replacement project, which is what the proposed project will accomplish, although this project will not address every area where leaks may occur, i.e., it will address the oldest areas where most leaks occur. (See, Testimony of William F. Huggins, Tr., pp. 29-31).

12. Burgess and Niple, Inc., designed the certificate project based upon Wheeling's needs and upon the firm's findings after investigating Wheeling's water system. Wheeling's distribution system's needs are varied and spread throughout the system, including areas outside the corporate limits. The firm prepared a document titled "Justification for Water Distribution System Upgrades", which details all of the areas where lines need to be replaced and other actions that are included in the project. (See, Testimony of Lise Sibicky, Tr., pp. 37-40; Wheeling Exhibit No. 5, pp. 1-3; Wheeling Exhibit No. 6).

13. The project consists mostly of replacing old mains, due to many leaks, due to complaints about "red water" and due to insufficient fire hydrant pressure and volume. Wheeling currently serves about 13,791 customers, plus six resale customers. The plant currently produces a daily demand of about 6,800,000 gallons of water, but only accounts for about 4,800,000 gallons of water through sales and other known uses, leaving 28% of the water unaccounted for. The treatment plant is designed to treat up to 14,000,000 of water per day. Wheeling currently maintains 190 miles of water mains, 10 booster stations and 19 water storage tanks with a total storage capacity of 15,000,000 gallons. The engineering studies identified 32 different locations where the water distribution system has deficiencies which the project needs to address. (See, Testimony of Lise Sibicky, Wheeling Exhibit No. 6).

14. The engineering firm did not determine which projects were to be included in the certificate application. Rather, the engineer designed the projects that were outlined by Wheeling officials. The projects included in the certificate application are not all of the projects that Wheeling needs to do, but this certificate case includes a very large portion of the total projects that need to be addressed. The certificate project is an incorporation of a large number of smaller projects, some of which may have been included in the former designation of Phase II or Phase III, as well as Phase I.

Also, some of the projects contained in the current certificate project were not included in the 2001 identification list. If construction is started in late summer of 2006, the entire project would be completed and online by early 2007. Construction of the project should take six to seven months. All of the bids will be done at one time. (See, Testimony of Lise Sibicky, Tr., pp. 41-44).

15. Wheeling has hired an engineering firm to evaluate Wheeling's water treatment plant, identify a recommended WTP improvement plan, design facilities, evaluate the distribution system Supervisory Control and Data Acquisition system, study SCADA communications, and design upgrades to Wheeling's SCADA system and the Wheeling Park booster pumping station. This firm conducted multi-disciplinary engineering inspections of Wheeling's water treatment plant and the Wheeling Park booster station to assess any needed improvements to those facilities. The inspection determined that those facilities were in poor condition, largely due to age and deferred maintenance. The firm recommended improvements that included a roof replacement, mechanical and electrical upgrades and pump replacement. The detailed design of these improvements was included in the certificate case. This firm also recommended vast replacement and/or improvements to Wheeling's SCADA system as part of the certificate case. (See, Testimony of William W. Allis, Jr., Tr., pp. 45-48; Wheeling Exhibit No. 7, pp. 1-5; Wheeling Exhibit Nos. 8 and 9).

16. Wheeling's water treatment plant, originally built in the 1920s, was designed to treat 20,000,000 gallons of water per day, which is adequate for the hydraulic demands. However, since current regulations require a robust multi-barrier disinfection approach to protect from microbial pathogens, Wheeling's current treatment plant is not suitable for today's demands and requirements. This is critical because the source of Wheeling's water is the Ohio River, which has many upstream combined sewer overflows. The treatment plant needs many updates and replacements to be able to provide a safe and adequate water supply. If all of the needed improvements to the treatment plant are made, it would cost $20,000,000. Wheeling will have to improve its treatment plant in phases, with some of the Phase I improvements included in the instant certificate case. (See, Testimony of William W. Allis, Jr., Wheeling Exhibit No. 7, pp. 5-7).

17. Wheeling developed the rates and rate structure contained in Wheeling's rate ordinance to cover all O&M expenses, allow for average plant additions and provide a 125% debt service coverage ratio. The debt service includes the additional debt service to be generated by the project in the certificate case. Wheeling made going-level adjustments to include all known and measurable changes to O&M expenses, including changes to salary, employee benefits and treatment costs. Although the rates developed by Wheeling reflected an across-the-board increase to all customer classes and were not based on a customer class cost of service study, Wheeling's accountant opined that the rates contained in the rate ordinance did not discriminate against any customer class or against the Intervenors, who are resale customers, in particular. (See, Testimony of Jack Bodkin, Tr., pp. 49-52; Wheeling Exhibit No. 10, pp. 1-5; Wheeling Exhibit No. 11).

18. The rate structure contained in Wheeling's rate ordinance is a declining block rate structure which gives users of larger amounts of water the benefit of an economy of scale. (See, Testimony of Jack Bodkin, Tr., p. 52).

19. Wheeling's most recent rates were adopted in 2001. The certificate project, which includes replacing about 52,000 feet of water mains and 13,000 feet of service mains, will rehabilitate much of the distribution system and should address much of this unaccounted-for water loss. Staff recommended approval of the certificate project chiefly to address the unaccounted-for water and to address many quality of water issues which Wheeling has. In addition to recommending approval of the certificate application, Staff recommended that Wheeling continue spending about $75,000 annually to paint tanks and address other deficiencies outlined by the Health Department. Although the treatment plant needs either to be replaced or receive a major overhaul in the future, the instant certificate case does not fully address this problem; a future certificate case will have to address that problem. Replacing the treatment plant may cost over $20,000,000. This certificate project is chiefly to rehabilitate the distribution system, which will cost between $11,000,000 and $12,000,000. Staff outlined several going-level adjustments totaling $178,694 and recommended a surplus of $525,512 for Wheeling, which includes $346,818 in average plant additions and the $178,694 in going-level adjustments. The reason for this recommended surplus is to make up for the fact that Wheeling has been neglecting many needed plant additions for several years due to a cash flow shortage. The actual plant additions have decreased during each of the past five years, due to a lack of funds. (See, Testimony of Joseph Marakovits, Tr., pp. 54-58, 76-77; Staff Exhibit Nos. 1, 2 and 3).

20. In Wheeling's last rate case, the Utilities Division analyzed the rates and a different member of the Engineering Division prepared the allocation factors. In this case, the Staff witness calculated and interpreted the allocation factors in the same manner in which he has always done. If those factors were analyzed differently in the prior case, this Staff witness cannot comment on that. Staff's technical witness could not explain how or why a different Staff member may have provided different allocation factors in the previous rate case, but believes that the factors provided in this case are correct. Staff acknowledged that several of the factors used, such as the maximum hour and maximum daily demand factors, should benefit the resale customer class. Staff speculated that the high unaccounted-for water that Wheeling experiences may explain some of the reason why the resale rates that Staff has recommended in this case are as high as they are. Technical Analyst Marakovits prepared the allocation factors and the remainder of the cost of service study was performed by Utility Financial Analyst McNeely. (See, Testimony of Joseph Marakovits, Tr., pp. 58-76; Protestant Exhibit No. 1).

21. Staff's financial analyst worked on the municipal appeal and the certificate case, helping to prepare reports in each proceeding. Staff changed two of its rate recommendations due to the testimony of Wheeling's witnesses. First, Staff agreed that the tap fees should be $300 and $400, as requested by Wheeling, since Wheeling has justified these tap fee rates. Also, Staff agreed that the unmetered fire protection fee of $85.93 should be adopted, as requested by Wheeling. The Staff financial analyst did not understand that fee until it was explained by Wheeling's witnesses and he now believes that it is appropriate. (See, Testimony of Scott McNeely, Tr., pp. 78-82; Staff Exhibit Nos. 1 and 2).

22. Currently, Wheeling does not have a separate resale rate. However, the customer class cost of service study clearly shows that, rather than running Wheeling's resale customers through the

rate blocks, a separate resale rate should be adopted. Without this separate resale rate, Wheeling's rates would produce cross-subsidization across customer classes, which is not permitted by Commission policy. The separate resale rate eliminates all cross-subsidization in Wheeling's rate structure. The resale rate is greater than the rate block for customers who use the most water, i.e., 500,000 gallons per month. Four of Wheeling's resale customers purchase more than 500,000 gallons per month and two resale customers purchase less than 500,000 gallons per month. (See, Testimony of Scott McNeely, Tr., pp. 81-84).

23. The Staff-recommended rates increase the rate for resale customers by about 49%. Residential and commercial rates will be increased by about 42%. While Staff's financial analyst could not speak to how the Utilities Division analyzes these types of rate cases, he indicated that he followed the same procedures in this case as in many other in which he has been the rate analyst and he believes that he is correctly following the procedures of the Water and Wastewater Division. Staff's financial analyst believes that the Commission changed its policy with regard to setting rates for water utilities when it placed all such cases in the Water and Wastewater Division. Staff believes that, while the current rates were correct when they were adopted, the rates and rate structure that Staff obtained in this case are the correct results for this case. One point of contention was how to apportion the functionality of the plant. In the previous case, the maximum day and commodity function was 50/50, but Staff believes that the proper apportionment is 90% for the maximum day and 10% for the commodity, and that this 90/10 apportionment would make only a minute difference in the resulting rates for each customer class. The Staff-recommended rates and rate structure will eliminate all cross-subsidization by customer classes. Acknowledging that some costs have been shifted to the resale customers, Staff believes that these shifts are necessary to prevent cross-subsidization among customer classes. (See, Testimony of Scott McNeely, Tr., pp. 87-94).

24. Staff recommended that the new rates contained in the ordinance become effective prior to completion of the project, since the financing obtained by Wheeling has to be repaid starting immediately upon receipt. (See, Testimony of Scott McNeely, Tr., pp. 94-95).

25. The rate increase will be more for some of the resale customers than for others, depending upon the amount of water each purchases. Staff speculated that the project may change the dynamics of Wheeling's rate structure in future rate cases, especially if it corrects the high unaccounted-for water. (See, Testimony of Scott McNeely, Tr., pp. 95-105; Staff Exhibit No. 1).

26. Staff believes that it is Commission policy to establish separate resale rates where a utility has resale customers. Some of the perceived problem in this case may arise from the many different sizes of Wheeling's six resale customers. Also, with respect to when the rates should go into effect, this project is basically replacing lines that already are being used, rather than installing new lines or treatment plant. The customers already have the benefit of the lines, except that they are leaking and deliver a poor quality of water. (See, Testimony of Scott McNeely, Tr., pp. 105-111).

27. Staff presented three post-hearing exhibits which provided three scenarios and how those scenarios would affect the rates, so that the parties could make their arguments based on actual

calculated numbers rather than ballpark estimates and so that the ALJ could informatively consider those arguments in their proper context. Staff Post-Hearing Exhibit No. 1 shows the effect of billing the resale customers through the existing block rate structure, rather than creating a separate resale rate, but using the same 90/10 functionalization for maximum day and commodity. Under this scenario, all customer classes would experience an increase of approximately 1% above the Staff-recommended rates, which would subsidize the resale customers a total of $40,039. Staff Post-Hearing Exhibit No. 2 shows the effect of billing resale customers under Staff's proposed resale rate, but with a 50/50 functionalization. Under this scenario, no significant change in rates would result, i.e., the resale customers would receive a $39 benefit. Staff Post-Hearing Exhibit No. 3 shows resale customers billed through the existing block rate structure with a 50/50 functionalization. Under this scenario, all customers would experience an approximate 1% rate increase above the Staff-recommended rates, with the resale customers being subsidized by $40,000, with $22,492 of that subsidy coming from the residential class. (Staff Post-Hearing Exhibit Nos. 1, 2 and 3).

28. Commission Staff also submitted Staff Post-Hearing Exhibit No. 4 in which Staff takes the position that the arguments made by the resale customers are correct with respect to at least part of the apportionment of the functionality of the plant, i.e., while the 90/10 apportionment is proper for all categories for which the resale customers gain a benefit, apportioning the cost of fire hydrants and fire mains as part of the resale customers' obligations is not proper. Under Staff's Post-Hearing Exhibit No. 4, that correction has been made, which results in a $11,728 reduction of revenue obtained from resale customers and decreases the resale rate from $1.893 per 1,000 gallons to $1.871 per 1,000 gallons. Staff attached a modified tariff showing the resulting rates for all customer classes. However, as pointed out in a letter from Wheeling, the modified tariff attached by Staff failed to include the amended tap fees agreed to by Staff at the hearing and the unmetered fee for fire protection. (See, Staff Post-Hearing Exhibit No. 4).

29. The Staff-recommended tariff attached to Staff Post-Hearing Exhibit No. 4 failed to include the stipulated changes to the tap fees and the non-metered fire protection fee and failed to include a delayed payment penalty in Schedule I. The tariff attached to Staff Post-Hearing Exhibit No. 5 corrected these omissions. (See, Staff Post-Hearing Exhibit No. 5).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The project is economically feasible, if it is fully funded by a bond issuance with a reasonable interest rate and term as proposed and with the Staff-recommended rates.

3. It is reasonable to approve the proposed financing for the project in an amount not to exceed $12,000,000, comprised of the issuance by Wheeling of tax-exempt municipal bonds bearing interest at a rate not to exceed 6.5% for a term of 30 years, since the rates adopted in the municipal

appeal proceeding will cover all additional O&M expenses, plant additions and debt service required by the project and the proposed financing.

4. A certificate of convenience and necessity should be issued for the project as proposed.

5. Should the scope, cost or financing for the project change for any reason, Wheeling must first obtain separate Commission approval of the changes and increase its rates, if necessary, prior to commencing construction.

6. It is reasonable to adopt the Staff-prepared customer class cost of service study as the chief basis for designing the rate structure in this case, since it was the only such study introduced and no party demonstrated that it contained any obvious flaw.

7. Since no one disputed the Staff-recommended revenue requirement, it is reasonable to adopt that as the proper revenue requirement in this case.

8. It is reasonable to amend the original Staff-recommended tariff to include a tap fee of $300, instead of $265.50, for 5/8-inch meters, and $400, instead of $371.70, for 3/4-inch and larger meters, and to include an unmetered fee for fire protection of $85.93.

9. It is reasonable to remove from the resale customers' rates any costs associated with fire hydrants and lines dedicated to fire protection.

10. It is reasonable to approve the Staff-recommended rate structure and rates, as amended and as set forth in Appendix A attached to this Recommended Decision, since they are sufficient, but not more than sufficient, to cover Wheeling's reasonable operation and maintenance expenses, debt service and capital additions, including those associated with the project certificated herein.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on December 27, 2005, by the City of Wheeling under *West Virginia Code* §24-2-11 for a certificate of public convenience and necessity to construct improvements to its water distribution system facilities located within its service territory be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of the issuance of tax-exempt municipal bonds by the City of Wheeling in an amount not to exceed $12,000,000, bearing interest at a rate not to exceed 6.5%, for a term not to exceed 30 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the scope, cost or financing for the project change for any reason, the City of Wheeling first must obtain separate Commission approval and establish increased rates, if necessary, prior to commencing construction.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the City of Wheeling comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that the rate ordinance passed by the City of Wheeling on December 20, 2005, be, and hereby is, rejected and set aside.

IT IS FURTHER ORDERED that the rates and charges set forth in the attached Appendix A be, and hereby are, approved for all water service rendered by the City of Wheeling on and after 12:01 a.m., June 3, 2006.

IT IS FURTHER ORDERED that, within thirty (30) days of the date that this Recommended Decision becomes final, the City of Wheeling shall submit to the Commission an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

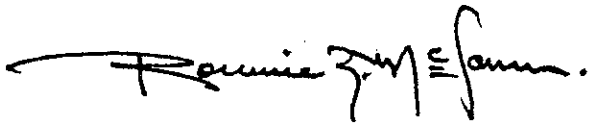
IT IS FURTHER ORDERED that this consolidated proceeding be, and hereby is, removed from the Commission's docket of open cases.

The Executive Secretary hereby is ordered to serve a copy of this Recommended Decision upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave hereby is granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this Recommended Decision is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this Recommended Decision shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
060044ac.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 06-0044-W-MA

CITY OF WHEELING

Investigation and suspension of increase in water rates and charges as a result of petitions filed in accordance with *West Virginia Code* §24-2-4b.

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATE

First 1,000 gallons used per month	$7.10 per 1,000 gallons
Next 499,000 gallons used per month	$3.259 per 1,000 gallons
All over 500,000 gallons used per month	$1.679 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $7.10 per month, which is the equivalent of 1,000 gallons of water.

5/8-inch meter	$ 7.10 per month
3/4-inch meter	$ 10.65 per month
1-inch meter	$ 17.75 per month
1½-inch meter	$ 35.50 per month
2-inch meter	$ 56.80 per month
3-inch meter	$106.50 per month
4-inch meter	$177.50 per month
6-inch meter	$355.00 per month
8-inch meter	$568.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $1.871 per 1,000 gallons used per month.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

Size of Tap	Charge
5/8-inch and 3/4-inch	$300
1-inch and larger	$400

RECONNECTION CHARGE - $25.00

To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

$0.24 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historic average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by their bank due to insufficient funds.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SCHEDULE II

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

RATE

Fire Service Lines:

2-inch or smaller	$ 56.29 per year
3-inch	$ 90.27 per year
4-inch	$144.43 per year
6-inch	$309.04 per year
8-inch	$534.19 per year
10-inch	$858.10 per year

If unmetered, an additional $85.93 per year

Hydrants:	$148.68 per hydrant

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RESERVED

OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO."

The above-entitled Ordinance has been adopted on second reading by the Council of the City at a meeting of Council held on Wednesday, June 21, 2006.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of (i) refunding the outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, (ii) paying the costs of acquisition and construction of betterments, additions and improvements to the existing combined waterworks and sewerage system of the City, and (iii) paying certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the combined waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the Ordinance is on file for review during regular business hours at the office of Janice L. Jones, City Clerk of the City of Wheeling, located at the City-County Building, 1500 Chapline Street, Wheeling, West Virginia 26003.

Dated: June 21, 2006.

By: /s/ **JANICE L. JONES**
City Clerk

Int., June 22, 29, 2006

THE CITY OF WHEELING
NOTICE OF
PUBLIC HEARING ON
BOND ORDINANCE

A public hearing will be held at a special meeting of The City Council of the City of Wheeling (the "City Council") on **Wednesday, July 5, 2006, at 7:30 p.m.** prevailing time, in the Council chambers of the Wheeling City-County Building, located at 1500 Chapline Street, Wheeling, West Virginia 26003, and at such hearing any person interested may appear before the City Council and present comments, protests and suggestions. All protests, comments and suggestions shall be heard by the City Council and it shall then take such actions as it shall deem proper in the premises regarding an ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Edie Minch *for the publisher of the* **Intelligencer** *newspaper published in the CITY OF WHEELING, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:*

6-22-06 & 6-29-06

Given under my hand this 29th

day of June, 2006

Edie Minch

Sworn to and subscribed before me this 29th

day of June, 2006 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathleen D Fugate
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires Mar 22, 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHLEEN D. FUGATE
R.D. 1, Box 125B
Dallas, West Virginia 26036
My Commission Expires Mar. 22, 2014

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $122,889.00 WITH A-1 INDUSTRIAL MAINTENANCE, OF CAMPBELL, OH, FOR THE PREPARATION AND PAINTING OF GRANDVIEW WATER TANK, TO BE CHARGED TO WATER - TP/MAINTENANCE ESCROW FUND 128.01.0.

EDGCO, INC. - DEMOLITION - 1062, 1064, 1066, 1068 MAIN ST. AND 15, 17, 19, 23 - 11TH ST.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $60,000.00 WITH EDGCO, INC., OF LANSING, OH, FOR DEMOLITION OF PROPERTY LOCATED AT 1062, 1064, 1066 AND 1068 MAIN STREET AND 15, 17 19 AND 23 ELEVENTH STREET, TO BE CHARGED TO RCIP - #941018 ($30,000) AND OVADC ($30,000).

In response to a question from Mr. Seals as to the property on Eleventh Street, Mr. Herron said that this is the old Bugsy's property. Mr. Nau said that it was his understanding that the property owner was going to tear these properties down. Mr. Herron said that this ordinance is in the event that he does not do what he represented that he was going to do which was begin demolition, while the final reading of the ordinance isn't until June 21, 2006. In that case, the City would demolish the structures and bill the property owner.

ACORDIA OF WV- WHEELING - EXCESS LIABILITY WORKERS COMPENSATION POLICY - FY 2006-2007

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $45,337.00 WITH ACORDIA OF WV-WHEELING, FOR EXCESS LIABILITY WORKERS' COMPENSATION POLICY (FY 2006 TO 2007), TO BE CHARGED TO CUSTODY ACCOUNT - WORKERS' COMPENSATION #941006.

REFUNDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS - SERIES 2003A AND ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2006A

The following was then read:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

RECORD OF PROCEEDINGS

Minutes of Meeting

DAYTON LEGAL BLANK CO., FORM NO. 10148

Held June 21, 2006 19

REPORT OF OTHER OFFICERS

Mr. Nau moved, seconded by Mr. Crow, that the Planning Commission Minutes - 5/08/06; Planning Commission Report - 6/15/06; CDBG Program Status Report - 5/31/06; HOME Program Status Report - 5/31/06; First Time Homebuyer Loan Program - HOME - 5/31/06; Revolving Loan Fund - Loan Summary Report - 5/31/06; Microenterprise Loan Program - Payment Summary - 5/31/06; Downtown Wheeling Facade Program Loan Summary - 5/31/06; Financial Statement - 5/31/06; Board of Zoning Appeals Minutes - 5/18/06; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

REFUNDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS - SERIES 2003A AND ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2006A

The following was then read:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

CLOW WATER SYSTEMS - DUCTILE IRON PIPE **(WATER)**

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $331,980.10 WITH CLOW WATER SYSTEMS, OF COSHOCTON, OH, FOR 16,980 LF OF VARIOUS SIZES OF DUCTILE IRON PIPE TO BE USED ON CAPITAL IMPROVEMENTS PROJECTS, PER SPECIFICATIONS, TO BE CHARGED TO WATER DISTRIBUTION - CAPITAL IMPROVEMENTS BOND ISSUE.

OLMSTED, INC. - EMERGENCY REPAIRS AT GRANDVIEW TANK **(WATER)**

The following was then read:

Held 20

Wheeling, West Virginia

July 5, 2006

Council of the City of Wheeling met in Council Chambers, City-County Building, on the above date with Mayor Sparachane presiding.

The invocation was offered by Sixth Ward Councilor Barry Crow.

On roll call, the following were present:

Sparachane, Delbrugge, Seals, Henry, Bush, Crow - 6

Mr. Nau was absent.

Mr. Seals moved, seconded by Mr. Crow, that the minutes of the June 21, 2006 meeting be approved as received. Motion carried.

Mr. Seals moved, seconded by Mr.Crow, to suspend the regular order of business to conduct a public hearing. Motion carried.

PUBLIC HEARING - REFUNDING COMBINED WATERWORKS & SEWERAGE SYSTEM DESIGN REVENUE BONDS - SERIES 2003 A AND ISSUANCE OF COMBINED WATERWORKS & SEWERAGE SYSTEM REVENUE BONDS - SERIES 2006A

Mayor Sparachane asked if there was anyone who wished to speak at this public hearing. As there was no one present to speak, Mr. Seals moved, seconded by Mr. Crow, to conclude the public hearing and resume the regular order of business. Motion carried.

MAYOR'S REPORT

Mayor Sparachane commended the staff of the WesBanco Arena for hosting the Wheeling Symphony 4th of July concert that was scheduled for the Heritage Port; however, due to the rain, it had to be moved to WesBanco Arena.

Mayor Sparachane also commended the City Administration on their fiscal management and another good budget year.

CLERK'S REPORT

Notice of Application to Operate a Private Club - Lily's IV - 97 North River Road

City Clerk Janice Jones presented Council with a Notice of Application to Operate a Private Club for Lily's IV, located at 97 North River Road. The applicants are Chris Dean and John Del Grande.

Notice of Application to Operate a Private Club - Abbey's Parlor LLC - 9 N. Huron Street

City Clerk Jones presented Council with a Notice of Application to Operate a Private Club for Abbey's Parlor, located at 9 N. Huron Street. The applicant is H. J. Boord.

UNFINISHED BUSINESS

REFUNDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS - SERIES 2003A AND ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2006A

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXPEND FUNDS IN AN AMOUNT NOT TO EXCEED $17,290.00 WITH THE OHIO COUNTY COMMISSION, OF WHEELING, WV, FOR THE LEASE OF OFFICE SPACE IN THE OHIO COUNTY ANNEX BUILDING FOR FISCAL YEAR 2006-2007, TO BE CHARGED TO RECREATION - #001-908-20-219-2147 ($10,040.00) AND CDBG 2006-2007 PUBLIC SERVICES - #1511-007-160 ($7,250.00)

JONES CHEMICAL, INC. - LIQUID CHLORINE **(WPCD)**

The following was then read:

AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $27,690.00, WITH JONES CHEMICAL, INC., OF BARBERTON, OH, FOR THE PURCHASE OF 60 TONS OF LIQUID CHLORINE, TO BE CHARGED TO WATER POLLUTION CONTROL DIVISION - #70-3-760-743-2-19 (FY 2006-2007).

ENVIROTROL, INC. - POWDERED ACTIVATED CARBON

The following was then read:

AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $14,200.00 WITH ENVIROTROL, INC., OF SEWICKLEY, PA, FOR THE PURCHASE OF 40,000 LBS. OF POWDERED ACTIVATED CARBON, TO BE CHARGED TO WATER TREATMENT #10-12-401-641-03-6410 (FY 2006-2007).

ADOPTING NATIONAL FIRE CODES, 2005 EDITION

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AMENDING ORDINANCE NO. 11756, AND ADOPTING THAT PART OF THE STATE FIRE CODE ENTITLED NATIONAL FIRE CODES, 2005 EDITION.

RESOLUTION - AUTHORIZING PAYMENT OF INVOICES - COMBINED WATERWORKS & SEWERAGE SYSTEM - SERIES 2005 A BONDS - VARIOUS CONTRACTORS**(WPCD)**

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING APPROVING INVOICES RELATING TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY AND AUTHORIZING PAYMENT THEREOF.

Mr. Nau moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - ADOPTION OF SUPPLEMENTAL PARAMETERS RESOLUTION FOR THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006A AND SETTING FORTH CERTAIN ADDITIONAL INFORMATION REGARDING THE BONDS.

The following was then read:

RECORD OF PROCEEDINGS

Minutes of _____ Meeting _____

DAYTON LEGAL BLANK, INC., FORM NO. 10148

Held September 5, 2006 20_____

RESOLUTION - AUTHORIZING PAYMENT OF INVOICES - COMBINED WATERWORKS & SEWERAGE SYSTEM - SERIES 2005 A BONDS - VARIOUS CONTRACTORS(WPCD)

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING APPROVING INVOICES RELATING TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY AND AUTHORIZING PAYMENT THEREOF.

Mr. Nau moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

SECOND SUPPLEMENTAL AND AMENDATORY RESOLUTION - COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997.

The following was then read:

RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND APPROVING CERTAIN AMENDMENTS TO THE BOND ORDINANCE AUTHORIZING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Mr. Nau moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

SECOND SUPPLEMENTAL AND AMENDATORY RESOLUTION - COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2006 A.

The following was then read:

RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND APPROVING A COMMITMENT FOR MUNICIPAL BOND INSURANCE FOR THE SERIES 2006 A BONDS; IMPLEMENTING PROVISIONS REQUIRED AS A CONDITION TO OBTAINING A MUNICIPAL BOND INSURANCE POLICY INSURING THE SERIES 2006 A BONDS FROM FINANCIAL SECURITY ASSURANCE, INC.; DESIGNATING A DEPOSITORY BANK FOR THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A; APPROVING AND AUTHORIZING A CERTAIN AMENDMENT TO THE BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Mr. Nau moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

Chuck Hood, representing the Wheeling Human Rights Commission, appeared before Council to request a meeting with the appropriate Committee of Council and the Human Rights Commission to review the current Human Rights ordinance and make suggestions or corrections as necessary.

Constance Breza, 1963 Decatur Avenue, addressed Council and explained the problems that she has experienced on her property due to extensive damage from Hurricane Ivan in September, 2004.

There being no further business, Mr. Nau moved, seconded by Mr. Seals, to adjourn. Motion carried. Time: 8:16 p.m.

Janice L. Jones
City Clerk

Nicholas A. Sgrosso
Mayor

OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, AND PAYING COSTS OF ISSUANCE AND RELATED COSTS, THROUGH THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $14,000,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance has been adopted on second reading by the Council of the City at a meeting of Council held on Wednesday, June 21, 2006.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of (i) refunding the outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, (ii) paying the costs of acquisition and construction of betterments, additions and improvements to the existing combined waterworks and sewerage system of the City, and (iii) paying certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the combined waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the Ordinance is on file for review during regular business hours at the office of Janice L. Jones, City Clerk of the City of Wheeling, located at the City-County Building, 1500 Chapline Street, Wheeling, West Virginia 26003.

Dated: June 21, 2006.

By: /s/ **JANICE L. JONES**
City Clerk

Int., June 22, 29, 2006

THE CITY OF WHEELING
NOTICE OF
PUBLIC HEARING ON
BOND ORDINANCE

A public hearing will be held at a special meeting of The City Council of the City of Wheeling (the "City Council") on **Wednesday, July 5, 2006, at 7:30 p.m.** prevailing time, in the Council chambers of the Wheeling City-County Building, located at 1500 Chapline Street, Wheeling, West Virginia 26003, and at such hearing any person interested may appear before the City Council and present comments, protests and suggestions. All protests, comments and suggestions shall be heard by the City Council and it shall then take such actions as it shall deem proper in the premises regarding an ordinance entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Edie Minch *for the publisher of the* **Intelligencer** *newspaper published in the CITY OF WHEELING, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:*

6-22-06 & 6-29-06

Given under my hand this 29th *day of* June, 2006

Edie Minch

Sworn to and subscribed before me this 29th *day of* June, 2006 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathleen D Fugate
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires Mar 22, 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHLEEN D. FUGATE
R.D. 1, Box 125B
Dallas, West Virginia 26036
My Commission Expires Mar. 22, 201

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Writer's Contact Information

September 26, 2006

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance, Inc.
New York, New York

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Wheeling (West Virginia) (the "Issuer") of its $12,000,000 aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on July 5, 2006, as supplemented by a Supplemental Parameters Resolutions duly adopted by the Issuer on August 1, 2006, and the Second Supplemental and Amendatory Resolution adopted by the Issuer on September 5, 2006 (said Ordinance, as so supplemented, collectively herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated September 26, 2006, upon original issuance, mature on June 1, in years and amounts and bear interest payable each June 1 and December 1, commencing June 1, 2007, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

The Ordinance provides that the issue is for the purposes of (i) refunding the City's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion of the City's combined waterworks and sewerage system of the Issuer; (iii) funding a reserve account for the Bonds; and (iv) paying certain costs of issuance of the Bonds and related costs.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2006 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects.

The Bonds have been sold to Ferris, Baker Watts, Incorporated (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 12, 2006, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer and others, contained in the Ordinance and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the 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 upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 5, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Series 2003 A Bonds have been paid within the meaning and with the effect expressed in the Prior Ordinance authorizing the issuance of the Series 2003 A Bonds, and the covenants, agreements and other obligations of the Issuer to the holder of the Series 2003 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt and release of Progressive Bank, N.A., the bondholder of the Series 2003 A Bonds.

7. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

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

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

09/18/06
964250.00042

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Writer's Contact Information

September 26, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance Inc.
New York, New York

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The City of Wheeling (the "Issuer") of its $12,000,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2006 A Bonds and the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated September 12, 2006, between the Issuer and Ferris, Baker Watts, Incorporated (the "Underwriter"), and approved by the Issuer.

Based upon the foregoing, we are of opinion that:

1. The Purchase Agreement, the Tax and Non-Arbitrage Certificate, the Continuing Disclosure Agreement, the Preliminary Official Statement and the Official Statement have been executed, acknowledged and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the rights of creditors).

2. The Issuer, under the Act, has full power and authority to adopt the Ordinance, as supplemented, enter into the Continuing Disclosure Agreement and the Purchase Agreement and perform its obligations thereunder.

TERRALEX

3. The Issuer has duly ratified the distribution of the Preliminary Official Statement, the Official Statement has been duly approved, signed and delivered by the Issuer, and the Issuer has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2006 A Bonds.

4. The statements contained in the Official Statement under the captions "Tax Matters," are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption.

5. The statements contained in the Official Statement under the captions "Financing Plan," The Series 2006 A Bonds," "Security for the Series 2006 A Bonds," "Appendix D - Proposed Form of Bond Counsel Opinion," and "Appendix E - Summary of Certain Provisions of the Ordinance as Supplemented and Amended," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are complete and accurate and present a fair summary of the matters referred to therein and of the Ordinance.

6. The Series 2006 A Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

09/18/06
964250.00042

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Writer's Contact Information

September 26, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

Ferris, Baker Watts, Incorporated
As the Underwriter named in the
Purchase Contract dated September 12, 2006
by and between said Underwriter and
The City of Wheeling

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance Inc.
New York, New York

Ladies and Gentlemen:

We have served as bond counsel with respect to the above-referenced bonds (the "Series 2006 A Bonds"). The initial public offering price of the Series 2006 A Bonds maturing on June 1, 2026 (the "Discount Bonds"), is less than that amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). We are of the opinion that amounts received upon such disposition which are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For

TERRALEX

purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The Series 2006 A Bonds maturing on June 1, 2008, through 2017, each inclusive, June 1, 2021 and June 1, 2036 ("OIP Bonds"), will be sold with an original issue premium ("OIP"). The original issue premium will be equal to the excess of a holder's tax basis in the OIP Bonds over the amount payable at maturity, or in the case of an OIP Bonds subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for an OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Internal Revenue Code requires that the amount of annual amortization for the OIP Bonds be deducted from the holder's tax basis in such OIP Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed. Holders of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable original issue premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.

Very truly yours,

STEPTOE & JOHNSON PLLC

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JACKSONKELLY
ATTORNEYS AT LAW PLLC
1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

September 26, 2006

Ferris, Baker Watts, Incorporated
100 Laidley Tower
500 Lee Street, East
Charleston, West Virginia 25301

Re: $12,000,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by The City of Wheeling, West Virginia (the "City") of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds") in the aggregate principal amount of $12,000,000. In connection with rendering this opinion, we have examined the Official Statement dated September 12, 2006, the Bond Purchase Agreement dated September 12, 2006 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the City dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the 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, counsel for the City, 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 that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendices A, B and C thereto as to which we express no opinion) 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.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2006 A Bonds.

Very truly yours,

Jackson Kelly PLLC

{C1126541.1}

CITY OF WHEELING

WHEELING, WEST VIRGINIA 26003

OFFICE OF THE CITY SOLICITOR

September 25, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance Inc.
New York, New York

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for the City of Wheeling, West Virginia (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Series 2006 A Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 12, 2006 (the "Purchase Agreement"), by and between Ferris, Baker Watts, Incorporated (the "Underwriter") and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2006 A Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), the Ordinance of the Issuer relating to the Series 2006 A Bonds enacted on July 1, 2006, as supplemented by a Supplemental Parameters Resolution adopted August 1, 2006 and a Second Supplemental Resolution adopted September 5, 2006 (collectively, the "Ordinance"), the Continuing Disclosure Agreement (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated September 5, 2006, and the Official Statement dated September 12, 2006, with respect to the issuance and offering of the Series 2006 A Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

❖1500 Chapline Street, Wheeling, WV 26003 ❖ (304) 234-3736 ❖ www.cityofwheelingwv.org ❖ rhwarmuth@cityofwheelingwv.org ❖

1. The Issuer is a municipal corporation duly organized and existing under the laws and Constitution of the State of West Virginia. The Mayor, City Clerk, and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer. The Issuer is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Ordinance, the Undertaking, and the Purchase Agreement.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Series 2006 A Bonds, the Undertaking, the Purchase Agreement and any other agreements relating thereto, to which the Issuer is a party.

3. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) refunding the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A; (ii) the acquisition and construction of the Project; (iii) the execution and delivery of the Undertaking and the Purchase Agreement; (iv) the approval of the distribution of the Official Statement; (v) the ratification of the actions of the Issuer and the issuance and delivery of the Series 2006 A Bonds upon the terms set forth in the Ordinance; and (vi) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Purchase Agreement and Undertaking 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 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 has been duly adopted and enacted at meetings of the governing body (Council) of the Issuer which were 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 the enactment of the Ordinance, and remains in full force and effect as of the date hereof.

6. The execution and delivery by the Issuer of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the Issuer or, to the best of my knowledge after diligent inquiry and review of the Issuer's records, any agreement or other instrument to which the Issuer is a party or by which it or its properties are bound. To the best of my knowledge, the Issuer is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rules 15c2-12 (b)(5).

7. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to acquire and construct the Project, to enter into and perform its obligations under the Purchase Agreement and the Undertaking or as described in the Official Statement.

8. The Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

9. To the best of my knowledge, after due inquiry, there is no litigation pending, or to my knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Series 2006 A Bonds, or the collection of revenues and assets of the Issuer pledged or to be pledged to pay the principal of and interest on the Series 2006 A Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2006 A Bonds, the Ordinance or the Purchase Agreement, or contesting the powers of the Issuer with respect to the Series 2006 A Bonds, the Ordinance or the Purchase Agreement or any transaction described in or contemplated by the Official Statement.

10. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the Issuer of its obligations under the Ordinance, the Series 2006 A Bonds or the Contract of Purchase, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2006 A Bonds, as to which no opinion is hereby expressed.

11. The Ordinance creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Series 2006 A Bonds as the same become due and for the other purposes provided in the Ordinance, subject only to the provisions of the Ordinance permitting application thereof on the terms and conditions set forth in the Ordinance.

12. Based upon my experience as counsel for the Issuer, and to the best of my knowledge, and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Financing Plan," "The Series 2006 A Bonds," "Security for the Series 2006 A Bonds," "The City," "The System," "Litigation," "Continuing Disclosure," "Appendix A - City of Wheeling and Ohio County," and "Appendix B - The System" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement. All counsel to this transaction may rely upon the foregoing opinion as if specifically addressed to them.

Sincerely,

Rosemary Humway-Warmuth
City Solicitor

LAW OFFICES
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300 SUMMERS STREET, SUITE 1230
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JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

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343-1657

September 26, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006A

The City of Wheeling,
Wheeling, West Virginia

Ferris Baker Watts, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am special counsel to the City of Wheeling in Ohio County, West Virginia (the "Issuer"), in connection with certain matters before the Public Service Commission of West Virginia. As such counsel, I am of the opinion that:

The Issuer has received a Final Order of the Public Service Commission of West Virginia entered May 24, 2006, in consolidated Case Nos. 05-1807-W-CN and 06-0044-W-MA, granting the Issuer a certificate of public convenience and necessity for the Project, approving financing for the Project, as well as approving rates sufficient, but not more than sufficient, to cover Wheeling's reasonable operation and maintenance expenses, debt service and capital additions, including those associated with the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal having been filed. Such Order remains in full force and effect.

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

Sincerely,

Robert R. Rodecker
WV State Bar No. 3145

$12,000,000

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

GENERAL CERTIFICATE OF THE CITY OF WHEELING ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. LAND AND RIGHTS-OF-WAY
5. CONTRACTORS' INSURANCE, ETC.
6. RATES
7. PUBLICATION OF NOTICES
8. AWARD OF SERIES 2006 A BONDS; SIGNATURES
9. DELIVERY AND PAYMENT
10. CERTIFICATION OF DOCUMENTS
11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
12. MEETINGS, ETC.
13. INCUMBENCY AND OFFICIAL NAME
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. OFFICIAL STATEMENT CERTIFICATION
20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT
21. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
22. PAYMENT OF THE SERIES 2003 A BONDS; EXCESS MONEYS
23. RELIANCE OF BOND INSURER
24. EXECUTION OF COUNTERPARTS

On the 26th day of September, 2006, we, the undersigned MAYOR, CITY MANAGER, CITY CLERK and CITY SOLICITOR of The City of Wheeling, West Virginia (the "Issuer"), hereby certify in connection with the $12,000,000 aggregate principal amount of The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance of the Issuer enacted July 5, 2006, as supplemented by Supplemental Parameters Resolution adopted August 1, 2006 and a Second Supplemental and Amendatory Resolution adopted September 5, 2006 (collectively, the "Ordinance").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Series 2006 A Bonds or the collection of the Gross Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Series 2006 A Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2006 A Bonds nor in any manner affecting the validity or enforceability of the Series 2006 A Bonds, the Ordinance or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2006 A Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, the City Manager, the City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the Series 2006 A Bonds which is not set forth in the Official Statement relating to the Series 2006 A Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Series 2006 A Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project was solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2006 A Bonds.

5. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, with commercially reasonable limits. All insurance for the System required by the Ordinance is in full force and effect.

6. RATES: The Issuer has duly enacted a water rate ordinance and a sewer rate ordinance setting rates and charges for the services of the System. Such rate ordinances are presently in full force and effect. Such rates meet the coverage requirements set forth in Section 6.04 of the Bond Ordinance. The sewer rates approved by the Public Service Commission of West Virginia (the "Commission") in Case No. 03-1943-S-MA are to be implemented upon substantial completion of the Project. At this time, it is anticipated that the engineer will provide the Commission with a completion certificate at the end of October, 2006.

7. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. There was no protest to the enactment of the Ordinance, and the Ordinance became fully effective July 5, 2006, and remains in full force and effect.

8. AWARD OF SERIES 2006 A BONDS; SIGNATURES: The Series 2006 A Bonds were awarded to Ferris, Baker Watts, Incorporated (the "Underwriter"), upon a negotiated basis at the price of $12,189,639.45 (par amount, less Underwriters' discount of $117,000, plus net original issue premium of $306,639.45). As of the date hereof, the Series 2006 A Bonds were duly signed by the manual signature of the Mayor and the City Manager and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the City Clerk.

9. DELIVERY AND PAYMENT: The undersigned Mayor did, on the date hereof, deliver to DTC on behalf of the Underwriters, the entire issue of the Series 2006 A Bonds, in various denominations and numbered AR-1 to AR-14, inclusive. At the time of delivery of the Series 2006 A Bonds, there was paid to, or on behalf of the Issuer, the agreed price therefor as follows:

Par Amount	$12,000,000.00
Less: Underwriters' Discount	$ (117,000.00)
Plus: Net Original Issue Premium	$ 306,639.45
TOTAL	$12,189,639.45

10. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Parameters Resolution

Second Supplemental and Amendatory Resolution

Certificate of Determinations

Continuing Disclosure Agreement

City Charter, and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Public Service Commission Order

Sewer and Water Rate Ordinances

Minutes on Enactment of Sewer and Water Rate Ordinances

Affidavit of Publication on Sewer and Water Rate Ordinances and Notices of Public Hearings

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolutions

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Tax and Non-Arbitrage Certificate of City

Prior Bonds Ordinances and Supplemental Resolutions

Policy of Municipal Bond Insurance and Related Documentation

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Supplemental Resolution of Issuer approving amendment to Series 1997 Bond Ordinance

FGIC's Consent to Amendment

11. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since September 5, 2006. The Series 2006 A Bonds are issued on a parity with respect to liens, pledge and source of and security for payment and in all respects, with the Issuer's (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2006 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. Other than the Prior Bonds, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Series 2006 A Bonds as to the sources of and security for payment.

A portion of the Series 2006 A Bonds proceeds will pay the Series 2003 Bonds in full. Upon the payment in full of the Series 2003 A Bonds, the liens, pledges and encumbrances securing the Series 2003 A Bonds will be discharged.

12. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2006 A Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the City Charter and Rules of Procedure, and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Council was present and acting at all times during all such meetings.

13. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Wheeling" and it is a municipal and political subdivision of the State of West Virginia, in Ohio and Marshall Counties of said state. The governing body of the Issuer consists of seven members, being the Mayor and six Councilmembers (all are voting members). The names and dates of commencement and termination of current terms of office of the Mayor and such Councilmembers are as follows:

Name and Office		Date of Commencement of Office	Date of Termination of Office
Nicholas A. Sparachane	- Mayor	July 1, 2004	June 30, 2008
Gloria Delbrugge	- Councilmember	July 1, 2004	June 30, 2008
Vernon E. Seals	- Councilmember	July 1, 2004	June 30, 2008
Robert E. Henry	- Councilmember	July 1, 2004	June 30, 2008
Brent Bush	- Councilmember	July 1, 2004	June 30, 2008
Mike Nau	- Councilmember	July 1, 2004	June 30, 2008
Barry Crow	- Councilmember	July 1, 2004	June 30, 2008

The duly appointed and acting officers of the Issuer are as follows:

Nicholas A. Sparachane	-	Mayor
Robert Herron	-	City Manager
Janice L. Jones	-	City Clerk

The duly appointed and acting Counsel for the Issuer is Rosemary J. Humway-Warmuth, Esquire, Wheeling, West Virginia.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Wheeling Intelligencer, a newspaper published and having a general circulation in The City of Wheeling, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2006 A Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 5th day of July, 2006, at 7:30 p.m., in the Council Chambers at the City Hall, 1500 Chapline Street, Wheeling, West Virginia and present protests, and stating that a certified copy of the Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the City Clerk. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 24, 2006, in Case No. 05-1807-W-CN, granting the Issuer a certificate of public convenience and necessity for the Project, approving the rates and approving the financing for the Project. The time for

appeal of the Final Order, has expired prior to the date hereof without any appeal having been filed. Such Order remains in full force and effect.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Series 2006 A Bonds and the interest thereon. Less than 10% of the proceeds of the Series 2006 A Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Series 2006 A Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Series 2006 A Bonds, including the disproportionate related business use of the proceeds of the Series 2006 A Bonds, and none of the payment of principal of or interest on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Series 2006 A Bonds. None of the proceeds of the issue of the Series 2006A Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

17. NO FEDERAL GUARANTY: The Series 2006 A Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah.

19. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

20. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned Mayor, City Manager, City Clerk and City Attorney hereby certify, as follows: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that our representations and warranties contained herein are true as of Closing, (ii) the Issuer has authorized, by all necessary action, the acquisition and construction of the Project, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge, no litigation is pending, or to our knowledge threatened, to restrain or enjoin the acquisition and construction of the Project, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and our compliance with the provisions thereof will not conflict with or constitute on our part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or by which the Issuer is or may be bound, and (v) the Issuer is obligated by the Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rules 15c2-12 (b)(5).

21. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (i) Wesbanco Bank, Wheeling, West Virginia, as Registrar, (ii) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, and (iii) Wesbanco Bank, Wheeling, West Virginia, as Depository Bank.

22. PAYMENT OF THE SERIES 2003 A BONDS; EXCESS MONEYS: As of the date of hereof, the entire outstanding principal balance of, and all accrued interest on, the Series 2003 A Bonds have been paid to the holder of the Series 2003 A Bonds, and the liens and pledges securing the Series 2003 A Bonds have been discharged and satisfied.

Any excess moneys in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account, over the total required to pay the Series 2003 A Bonds, will be returned to the Issuer and used to pay costs of the Project.

23. RELIANCE OF BOND INSURER: All certifications contained in this General Certificate, the Tax and Non-Arbitrage Certificate and any other certificate delivered by the Issuer in connection with issuance of the Series 2006 A Bonds may be relied upon by Financial Security Assurance Inc., in accordance with its requirements for issuance of a bond insurance policy relating to the Series 2006 A Bonds.

24. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

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WITNESS our signatures and the official corporate seal of THE CITY OF WHEELING as of the day and year first stated above.

[SEAL]

Signature	Official Title
	Mayor
	City Manager
	City Clerk
	City Solicitor

09/18/06
964250.00042

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

TAX AND NON-ARBITRAGE CERTIFICATE

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$12,000,000

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

TAX AND NON-ARBITRAGE CERTIFICATE

WHEREAS, The City of Wheeling (the "Issuer") has determined to issue its $12,000,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated, September 26, 2006 (the "Bonds"), to provide moneys, which, together with certain other moneys available to the Issuer, will be used for the purposes of: (i) paying in full the entire outstanding principal of and all accrued interest on the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000, of which $439,844.33 is presently outstanding (the "Series 2003 A Bonds"), (ii) paying a portion of the costs of acquisition and construction of extensions, additions, betterments and improvements to the water portion of the existing combined waterworks and sewerage system of the Issuer, (iii) funding the Series 2006 A Bonds Reserve Account, and (v) paying certain costs of issuance of the Bonds and related costs.

WHEREAS, the Bonds are intended to be issued as obligations of the Issuer upon which the interest thereon is excludable from the gross income of the owners thereof for federal income tax purposes;

WHEREAS, the Internal Revenue Code of 1986 and the Regulations promulgated with respect thereto, as amended (collectively, the "Code") prescribe restrictions on the Bonds, the activities of the Issuer and the application and expenditure of Bond proceeds and earnings thereon in order that interest on the Bonds not be includable in gross income of the owners thereof for federal income tax purposes, and compliance with the procedures in this Tax and Non-Arbitrage Certificate (the "Tax Certificate") is required in order to ensure that the requirements of the Code are and will continue to be met;

WHEREAS, this Tax Certificate sets forth such restrictions on the Bonds, the activities of the Issuer, the application, investment and expenditure of Bond proceeds and earnings thereon; and

WHEREAS, in order to ensure that interest on the Bonds will not be includable in gross income of the owners thereof for federal income tax purposes, such requirements must be met unless the Issuer is notified in writing to the contrary by Bond Counsel;

NOW THEREFORE, the undersigned Mayor of the Issuer, being the official of the Issuer duly charged with the responsibility for the issuance of the Bonds, hereby certifies as follows, all capitalized terms used herein and not otherwise defined to have the same meanings as set forth in the Bond Ordinance enacted by the Issuer on July 5, 2006, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on August 1, 2006, and a Second Supplemental and Amendatory Resolution adopted by the Issuer on September 5, 2006 (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. For the purpose of this Tax Certificate, the following words and terms shall have the respective meanings set forth as follows, and any capitalized words or terms used but not defined herein shall have the meanings set forth in the Ordinance:

"**Average Economic Life**" shall mean the average reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the assets financed or refinanced with the proceeds of the Bonds.

"**Average Maturity**" shall mean the average maturity of the Bonds within the meaning of Section 147(b) of the Code.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding Bond Year.

"**Bond Counsel**" shall mean any law firm or firms with expertise in public finance selected by the Issuer with respect to the issuance of or matters relating to the exclusion from federal income taxation of interest on the Bonds.

"**Bond Year**" shall mean the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" shall mean the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Bonds**" shall mean the Issuer's $12,000,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006.

"**Closing Date**" or "**Date of Issue**" means September 26, 2006, the date of this Tax Certificate, which is the date on which the Issuer has delivered the Bonds in exchange for the purchase price thereof.

"**Code**" shall mean the Internal Revenue Code of 1986, and the Regulations promulgated thereto, as amended.

"**Computation Date**" shall mean each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit** " shall mean $1,000 for each Bond Year during which there are Proceeds subject to rebate, or such other amount as may then be permitted by the Regulations. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" shall mean all costs incurred in connection with the issuance of the Bonds.

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

"**Eligible Investment**" shall mean a fixed rate investment that is not a SLG and is not in a restricted escrow; the payment taken into account with respect to which equals the outstanding par amount of the investment plus accrued interest (if any) for a period of less than one year; the interest on which accrues on the outstanding par amount of the investment and is actually and unconditionally due at periodic intervals of one year or less; the first payment of interest on which is due at the end of the first short compounding interval or the first whole compounding interval; and the maturity date of which is the highest yield date, i.e., the date on which the holder is entitled to require the investment to be purchased, redeemed or retired at a stated price that when used in computing the yield on the investment produces the highest yield.

"**Fair Market Value**" of an Investment shall mean as follows:

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

Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Investment Contracts. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

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

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

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

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

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

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

(c) Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (1) the yield on comparable direct obligations of the United States, and (2) the highest yield published or posted by the provider to be currently available on reasonably comparable certificates of deposit.

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

"**Fiscal Year**" means the fiscal year of the Issuer, which commences on July 1 of each year and ends on June 30 of the subsequent year.

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

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

where:

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

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

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

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

"**Governmental Unit**" shall mean a state, a political subdivision or instrumentality of the foregoing within the meaning of Section 141(b)(6) of the Code.

"**Gross Proceeds**" shall mean Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" shall mean the last day of the fifth Bond Year and each succeeding fifth Bond Year, until and excluding the Final Computation Date.

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

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

"**IRS**" shall mean the Internal Revenue Service.

"**Issue Price**" means $12,306,639.45, being the initial offering price to the public at which price a substantial amount of the Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

"**Issuer**" shall mean The City of Wheeling, a municipal corporation and political subdivision of the State of West Virginia, in Wood County thereof, and, unless the context clearly indicates otherwise, includes the Council and any successor thereto.

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

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

"**Payment**" shall mean a payment as defined in Section 1.148-3(d) of the Regulations for purposes of computing the rebate amount, and a payment as defined in Section 1.148-5(b) of the Regulations for purposes of computing the yield on an investment.

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

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

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

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" shall mean Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received with respect to an investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under Section 1.148-2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative cost recoverable under Section 1.148-5(e).

"**Purchaser**" shall mean, Ferris, Baker Watts, Incorporated, as the original purchaser of the Bonds directly from the Issuer.

"**Purpose Investment**" shall mean any investment that is acquired with the Gross Proceeds of an issue of obligations to carry out the governmental purpose for which such issue was issued.

"**Rebate Amount**" shall mean with respect to the Bonds, the amount computed as described in Section 3.5 hereof.

"**Rebate Analyst**" shall mean the entity or person chosen by the Issuer in accordance with Section 3.8 hereof to determine the Rebate Amount.

"**Rebate Payment Date**" shall mean the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Rebate Yield**" shall mean the yield on the Bonds for purposes of determining the Rebate Amount, computed as described in Section 3.3(B) hereof.

"**Receipt**" shall mean a receipt as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in Section 1.148-5(b) for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" shall mean the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"**Related Person**" shall mean any person related to any beneficiary of the Bonds within the meaning of Section 144(a)(3) of the Code.

"**Replacement Proceeds**" shall mean amounts that are treated as replacement proceeds of an issue of bonds under Section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the Issuer and any related party to the Issuer).

"**Sale Proceeds**" shall mean amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest).

"**SLG**" or "**SLGS**" shall mean a time deposit security issued by the United States Treasury pursuant to the Time Deposit State and Local Government Series Program described in 31 C.R.F. part 344.

"**State**" shall mean the State of West Virginia.

"**Tax-Exempt Bond**" shall mean any tax-exempt bond within the meaning of Section 103 of the Code and Section 1.150-1 of the Regulations that is not investment property within the meaning of Section 148(b)(3) of the Code.

"**Tax Certificate**" shall mean this Tax and Non-Arbitrage Certificate of the Issuer as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"**Treasury**" shall mean the United States Department of Treasury.

"**Universal Cap**" shall mean the maximum value of Nonpurpose Investments which may be allocated to the Bonds under Section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under Section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" shall mean the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Bonds thereunder must be determined under Section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

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

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

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

"**Yield**" or "**yield**" shall mean the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" shall mean any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

Section 1.2. Interpretation. In this Tax Certificate:

(A) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Tax Certificate, refer to this Tax Certificate, and the term "hereafter" means after, and the term "heretofore" means before the date of this Tax Certificate.

(B) Unless the context requires otherwise, words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(C) Words importing persons include firms, associations, partnerships, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(D) Any headings preceding the texts of the several Articles and Sections of this Tax Certificate, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Tax Certificate, nor shall they affect its meaning, construction or effect.

(E) All certifications, documents and instructions required to be given or made by any person or party hereunder shall be made in writing.

(F) This Tax Certificate shall be governed by and construed in accordance with the applicable laws of the State.

(G) If any provision of this Tax Certificate shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions hereof.

Section 1.3. Reliance on Documents. Bond Counsel shall be permitted to rely on the contents of any certification, document or instruction provided pursuant to this Tax Certificate and shall not be responsible or liable in any way for the accuracy of its contents or the failure of the Issuer to deliver such document.

ARTICLE II

REPRESENTATIONS BY THE ISSUER AND USE OF PROCEEDS

Section 2.1. Representations of the Issuer. The Issuer represents that:

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

(B) This certificate may be relied upon as the certificate of the Issuer.

(C) The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an Issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

(D) This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the Closing Date and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

(E) The Issuer has covenanted in the Ordinance that it will not permit at any time or times any of the proceeds of the Bonds or any funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 2.2. Use of Proceeds. (A) The Series 2006 A Bonds were sold and delivered on the Closing Date, upon a negotiated basis, to the Purchaser for the purchase price of $12,189,639.45 (par amount of $12,000,000, less underwriters discount of $117,000, plus net original issue premium of $306,639.45).

(B) The Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the purposes of providing moneys, together with other funds of the Issuer necessary to: (i) pay in full the entire outstanding principal of and all accrued interest on the Series 2003 A Bonds, (ii) pay a portion of the costs of acquisition and construction of extensions, additions, betterments and improvements to the water portion of the existing combined waterworks and sewerage system of the Issuer, (iii) fund the Series 2006 A Bonds Reserve Account, and (iv) pay certain costs of issuance of the Bonds and related costs.

(C) The face amount of the Series 2006 A Bonds is $12,000,000. The sources and uses of proceeds of the Series 2006 A Bonds is as follows:

Sources

Par Amount	$ 12,000,000.00
Plus: Series 2003 A Bond Funds	$ 182,666.00
Plus: Net Original Issue Premium	$ 306,639.45
TOTAL	$ 12,489,305.45

Uses

Payment of Series 2003 A Bonds	$ 439,844.33
Deposit to Series 2006 A Bonds Construction Trust Fund	$ 10,854,546.99
Series 2006 A Bonds Reserve Account Deposit	$ 775,237.50
Bond Insurance Premium	$ 193,676.63
Underwriters Discount	$ 117,000.00
Costs of Issuance	$ 109,000.00
TOTAL	$ 12,489,305.45

(D) Concurrently with the delivery of the Series 2006 A Bonds, the Issuer, by wires submitted by the Underwriter and the Paying Agent of the Series 2003 A Bonds, will deposit the monies required to pay in full the entire outstanding principal balance of, and all accrued interest on the Series 2003 A Bonds with the, the registered owner of the Series 2003 A Bonds. The monies deposited with Progressive Bank, N.A. (the "Bank") will be sufficient to pay the entire outstanding principal balance of, and all accrued interest on the Series 2003 A Bonds on the Closing Date.

(E) The Purchaser has stated in its certificate that the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at initial offering prices no higher than, or yields no lower than, the respective prices and yields shown on the inside cover page of the Official Statement for the Bonds.

ARTICLE III

ARBITRAGE

Section 3.1. Arbitrage Representations. The Issuer represents that:

(A) The Proceeds from the sale of the Bonds shall be applied as indicated in Section 2.2.

(B) The Issue Price of the Bonds is based on the certificate executed by the Purchaser of even date herewith. The Issuer is not aware of any facts or circumstances that would case them to question the accuracy of the representations made by the Purchaser.

(C) No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer 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.

(D) Other than as described in this Tax Certificate, 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.

(E) There are no other obligations being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

(F) The Issuer has not been notified of the listing or proposed listing of the Issuer by the Internal Revenue Service as an Issuer that may not certify its bonds.

(G) 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.

(H) In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate),

including without limitation any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer with any registered owner of the Bonds.

(I) On each Valuation Date, the Issuer shall value the Nonpurpose Investments allocable to the Bonds thereunder. Nonpurpose Investments cease to be allocated to the Bonds to the extent such Nonpurpose Investments have been expended for the governmental purpose of the issue, or to the extent the value thereof exceeds the value permitted to be allocated to the Bonds under the Universal Cap. To the extent Nonpurpose Investments cease to be allocated to an issue and the value of the Universal Cap exceeds the value of the remaining Nonpurpose Investments allocated to such issue, other Nonpurpose Investments may become allocated to the issue, provided that such Nonpurpose Investments are not already properly allocated to another issue and provided that such allocation does not cause the value of the Nonpurpose Investments allocated to the Bonds to exceed the Universal Cap.

Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Bonds as of a Valuation Date shall not be considered a violation of this provision if the value of Nonpurpose Investments allocated to the Bonds did not exceed the value of the Bonds outstanding on such date.

Section 3.2. The Project and Use of Bond Proceeds.

(A) The Issuer reasonably expects that:

(i) The Issuer will incur a substantial binding obligation to third parties to expend at least 5% of the Net Sale Proceeds within 6 months following the Date of Issue;

(ii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures for Project Costs will proceed with due diligence; and

(iii) As of the close of the 3-year period beginning on the Date of Issue, at least 85% of the Net Sale Proceeds will have been used to acquire and construct the Project. For purposes of the foregoing, the term "Net Sale Proceeds" shall mean "net proceeds" as defined in Section 150 of the Code, but shall not include proceeds used to finance issuance costs and shall not include proceeds necessary to pay interest (during such period) on the Bonds which are part of the issue.

(B) All property financed with proceeds of the Bonds will be held by or on behalf of a qualified Governmental Unit, and the Project financed with the proceeds thereof will be operated solely for public purposes as a governmental activity.

(C) No portion of the Project will consist of any airplane, skybox or other luxury box, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(D) No portion of the payments of principal of or interest on the Bonds will be made, financed or secured by, directly or indirectly, by payments or property used in any trade or business of any person other than the Issuer or a qualified Governmental Unit. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be secured, directly or indirectly, by (i) interests in property or (ii) payments in respect of such property, which property is used or to be used in any trade or business of any person other than the Issuer. The Issuer will not permit any portion of the payment of the principal or interest on the Bonds to be derived, directly or indirectly by payments (whether or not to the Issuer) in respect of property or borrowed money, used or to be used in any trade or business of any persons other than the Issuer.

(E) The Project financed with proceeds of the Bonds will be used only in activities directly related to the Issuer's exempt governmental purpose. No other person will own or use the Project either directly or indirectly, including use through a lease management agreement, and neither the Issuer nor any other state or local government unit having an ownership interest in the Project will transfer ownership of the Project while the Bonds are outstanding.

Section 3.3. Construction of the Project.

(A) Construction Schedule. The Project is expected to be completed and placed in service in accordance with the following schedule:

(i) Time Test. The Issuer shall, within 6 months of the Closing Date, enter into a substantial binding obligation calling for the expenditure of not less than 5% of the Net Sale Proceeds of the Bonds towards the costs of acquisition and construction of the Project.

(ii) Due Diligence Test. Acquisition and construction of the Project is expected to proceed with due diligence to completion.

(iii) Expenditure Test. The Issuer anticipates that the Project will be completed by September 26, 2007, such that an amount equal to not less than 85% of the Net Sale Proceeds of the

Bonds will have been expended on the costs of the Project before January 26, 2009.

Section 3.4. The Bonds. (A) The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Bonds are detailed in the Official Statement.

(B) Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest, original issue discount and Bond Insurance Premium as described below, the yield on the Bonds is computed by the Purchaser to be 4.5756003% (the "Bond Yield").

(C) A Sinking Fund for the Bonds is created under the Ordinance. Moneys deposited to the Sinking Fund 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 interest rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond Year. Such moneys will be invested without restriction as to yield and are not subject to rebate.

(D) A Reserve Account within the Sinking Fund is created under the Ordinance in an amount equal to the Maximum Annual Debt Service on the Bonds (the "Reserve Account Requirement"). Such amount is less than and is less than 125% either the maximum annual debt service on the Series 2006 A Bonds or 10% of the face amount of the Bonds. The Reserve Account is being funded by the deposit of proceeds of the Bonds in the amount of $775,237.50. All cash amounts in the Reserve Account will be invested without restriction as to yield. All cash in the Reserve Account and earnings thereon will be subject to rebate.

(E) A Series 2006 A Bonds Redemption Account is created under the Ordinance. In the event moneys are deposited into the Series 2006 A Bonds Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

(F) A Costs of Issuance Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $109,000. Such amount shall be fully expended within six months from the date hereof. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate.

(G) A Series 2006 A Bonds Construction Trust Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $10,854,546.99 and all earnings thereon, which will be used to pay costs of acquisition and construction of the

Project. All such amounts shall be fully expended within 16 months from the Closing Date. Pending such disbursement, such moneys will be invested without restriction as to yield but such amounts will be subject to rebate.

Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 12 months. All proceeds of the Bonds designated for the Project will be expended within 16 months from the date of issuance thereof. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project financed by proceeds of the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

Except for the moneys in the Series 2006 A Bonds Construction Trust Fund, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

(H) For purposes of calculating the yield on the Bonds there has been taken into account as interest a premium in the amount of $193,676.63 to be paid to acquire a Municipal Bond Insurance Policy issued by Financial Security Assurance Inc. ("FSA"), guaranteeing timely payment of the principal of and interest on the Bonds (the "Bond Insurance Policy"). The Purchaser has stated in its certificate that the present value of the premium paid for the Bond Insurance Policy is less than the present value of the interest savings attributable thereto, using a present value factor equal to the yield on the Bonds, computed without regard to such premium.

(I) Other than the funds and accounts described above, there are no other funds or accounts of the Issuer (i) which 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.

Section 3.5. Arbitrage Compliance. The Issuer acknowledges that the continued non-inclusion of interest on the Bonds for purposes of Federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirement described in Section 3.5 hereof. The procedures set forth below are subject to amplification and revision as necessary to comply with the rebate requirements. The Issuer hereby agrees and covenants to take all actions necessary to comply with these requirements. The Issuer hereby agrees and covenants that it shall not

permit at any time or times any of the proceeds of the Bonds or other funds of the Issuer to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the Issuer shall take the actions described in Sections 3.4 through the end of Article III hereof with respect to the investment of proceeds on deposit in the funds and accounts established Ordinance. The Issuer shall cause to be made the required transfers, dispositions and payments described in Sections 3.4 through the end of Article III hereof.

Section 3.6. Calculation of Rebate Amount. Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Yield on the Bonds, together with any income attributable to such excess. Except as provided below, all of the funds and accounts established by the Ordinance, and all other amounts treated as Gross Proceeds, to the extent funded with proceeds of the Bonds, are subject to this requirement. In order to meet the rebate requirement, the Issuer agrees and covenants to take the following actions:

(A) Record of Investments and Expenditures. For each Nonpurpose Investment acquired with or allocated to Gross Proceeds of the Bonds, the Issuer shall record its purchase date or allocation date, its purchase price (reduced by broker's or dealer's commissions or other administrative expenses, which shall also be separately stated), or, if not acquired directly with Gross Proceeds, its Fair Market Value on the allocation date, accrued interest due on its purchase date or allocation date, its face amount, its coupon or interest rate, its Yield-to-Maturity, the frequency of its interest payments, its disposition price (not reduced by any broker or dealer's commission or discount), accrued interest due on its disposition date and its disposition date. The Issuer shall also record the date and amount of all expenditures made with the proceeds of the Bonds, including the payment of any Rebate Amount.

Generally, Administrative Costs paid with respect to Nonpurpose Investments do not increase the costs of such Investments or reduce the income therefrom. Administrative Costs paid with respect to guaranteed investment contracts have the effect of increasing the yield thereon for rebate purposes.

(B) Computation of Yield. For each Computation Date, the Issuer shall compute Yield on the Bonds. When expressed as

a decimal, Yield shall be accurate to at least six (6) decimal places and rounded to at least five (5) decimal places.

(C) Computation of Rebate Amount. Subject to the special rules set forth in paragraphs (F) and (G) of this Section 3.6, the Issuer shall determine the Rebate Amount on each Computation Date. For this purpose:

(1) Any Computation Date. The Rebate Amount, determined as of any Computation Date, shall be equal to the excess of the Future Value of all receipts with respect to the Nonpurpose Investments allocated to the Bonds over the Future Value of all payments with respect to such Nonpurpose Investments, which excess, in the case of the Final Computation Date, shall be increased by the amount described in subparagraph (2) below.

(2) Final Computation Date. Only in the case of the Final Computation Date, the amount determined under subparagraph 1) above shall be increased by the earnings actually derived from investing such amount at an arm's length interest rate during the "payment period" that begins on the Final Computation Date and ends fifteen (15) days before the final Rebate Amount is actually paid; provided that if the moneys representing the final Rebate Amount cannot be identified on the Final Computation Date under a reasonable accounting system or, even if so identified, have not been invested at an arm's length interest rate, then the amount of the increase shall be equal to the earnings that would have accrued if the Rebate Amount had been so identified and had been invested at a rate equal to the maximum rate of interest in effect on the Final Computation Date for a SLG having a term equal to thirty (30) days or, if longer, the payment period referred to above.

(D) Nonpurpose Receipts. For purposes of paragraph (C), receipts with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Actual Receipts. The amount(s) actually or constructively received with respect to the Nonpurpose Investment, determined without reduction for sales commissions, administrative expenses or similar expenses. An amount is constructively received when it is credited to the account of, set apart for, or otherwise made available to or for, a payee so that such amount may be drawn on by such payee (or could be so drawn on, assuming timely notice of the payee's intention to withdraw).

(2) Disposition Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that ceases to be allocated to the Bonds for reasons not related to its sale or retirement, determined as of the date of such cessation.

(3) Installment Date Receipts. The amount corresponding to the Fair Market Value of a Nonpurpose Investment that continues to be allocated to the Bonds on any Computation Date. For this purpose, the Present Value of a fixed rate Nonpurpose Investment which is not an investment contract may be substituted for its Fair Market Value.

(4) Rebate Receipts. The amount(s), if any, representing the recovery of rebate overpayments, determined as of the date of any such recovery.

(5) Imputed Receipts. The amount(s), if any, representing Imputed Receipts, as defined herein and as determined from time to time in accordance with such definition.

(E) Nonpurpose Payments. For purposes of paragraph (C), payments with respect to a Nonpurpose Investment that is allocated to the Bonds consist of:

(1) Direct Payments. The amount of the Gross Proceeds of the Bonds that was used to

purchase the Nonpurpose Investment, determined without regard to brokerage commissions, administrative expenses or similar expenses.

(2) Constructive Payments. The amount that is equal to the Fair Market Value of a Nonpurpose Investment which, although not directly purchased with the Gross Proceeds of the Bonds, is allocated to the Bonds, determined as of the date that such investment becomes so allocated.

(3) Rebate Payments. The amount which is equal to the portion of the Rebate Amount, if any, that is required to be paid following a Computation Date, determined as of the earlier of the date of any such payment or the due date of any such payment.

(4) Computation Date Credit The amount corresponding to the application Computation Date Credit, determined as of each Computation Date.

(F) Exceptions for Series 2006 A Bonds Construction Trust Fund Expenditures. If the Issuer qualifies under any of the exceptions to rebate under Section 148(f) of the Code or Reg. § 1.148-7(d), earnings on moneys deposited in the Series 2006 A Bonds Construction Trust Fund will not be subject to rebate.

(G) Exception from Rebate for Certain Debt Service Fund Earnings. Notwithstanding anything in this Section 3.6 to the contrary, if the gross earnings from the Investments held in the Debt Service Fund for the Bond Year in question, that are attributable to Nonpurpose Investments, are less than $100,000 (other than from the investment of moneys in obligations described in Section 103(a) of the Code which are also not specified Private Activity Bonds within the meaning of Section 57(a)(5)(C) of the Code), then any amount earned on such Bond Fund shall not be taken into account in determining the Rebate Amount. For purposes of this paragraph, the term "gross earnings" means the aggregate amount earned on the Nonpurpose Investments allocated to the Gross Proceeds of the Bonds credited to the Debt Service Fund including amounts earned on such amounts if in turn credited to the Debt Service Fund.

(H) Calculation of Rebate Amount. For each Computation Date, the Issuer shall compute, or cause to be computed the Rebate Amount.

(I) Hedge Bonds. Not more than fifty percent (50)%) of the proceeds of the Bonds are or will be invested in Nonpurpose Investments at a guaranteed yield for a period of four (4) years or more.

Section 3.7. Payment to United States. (A) Unless the Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Bonds to each such Installment Computation Date). The Issuer shall pay to the United States, not later than sixty (6) days after the last outstanding Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date.

(B) The portion of the Rebate Amount that is required to be paid following a Computation Date shall be rounded down to the nearest multiple of $100. Any such portion that is less than $100 shall be rounded to $0.

(C) The Issuer shall make each payment of an installment to the Internal Revenue Service Center, Ogden, Utah. Each payment shall be accompanied by the copy of the Form 8038-G or Form 8038 filed with respect to the Bond issue, the statement summarizing the determination of the Rebate Amount and also, to the extent not otherwise shown on the Form 8038, a statement on which is identified the issue for which the Rebate Amount is due and the CUSP number for the Bond having the latest maturity.

Section 3.8 Recordkeeping. In connection with the rebate requirement the Issuer shall maintain the following records.

(A) The Issuer shall retain records of the determinations made pursuant to Section 3.5 until six (6) years after the retirement of the last obligation of the issue.

(B) The Issuer shall record all amounts paid to the United States pursuant to Section 3.5.

Section 3.9. Rebate Analyst. A Rebate Analyst shall be appointed to perform the rebate calculations required herein. The charges and fees of such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

Section 3.10. Covenant as to Purchase Price. The Issuer covenants and agrees that it shall not acquire Nonpurpose Investments at other than arm's length, Fair Market Value prices.

ARTICLE IV

COVENANTS AND AMENDMENTS

Section 4.1. Compliance with Code. The Issuer covenants and agrees that it shall at all times do and perform all acts and things necessary and within its reasonable control in order to assure that interest paid on the Bonds shall, for purposes of Federal income taxation, be not included in gross income.

The Issuer acknowledges 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 agrees 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 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, compliance with such requirement is not necessary to maintain the tax-exempt status of the Bonds.

Section 4.2. Amendment. This Tax Certificate may be amended by consent of Bond Counsel.

IN WITNESS WHEREOF, the Issuer has caused this Tax and Non-Arbitrage Certificate to be executed on its behalf by its duly authorized representatives all as of the date first above written.

THE CITY OF WHEELING,
WEST VIRGINIA

By: _____
Its: Mayor

09/18/06
964250.00042

SCHEDULE A - SERIES 2006 A BONDS

SOURCES AND USES OF BOND PROCEEDS

SOURCES	
Par Amount	$ 12,000,000.00
Plus: Series 2003 A Bond Funds	$ 182,666.00
Plus: Net Original Issue Premium	$ 306,639.45
TOTAL	$ 12,489,305.45
USES	
Payment of Series 2003 A Bonds	$ 439,844.33
Deposit to Series 2006 A Bonds Construction Trust Fund	$ 10,854,546.99
Series 2006 A Bonds Reserve Account Deposit	$ 775,237.50
Bond Insurance Premium	$ 193,676.63
Underwriters Discount	$ 117,000.00
Costs of Issuance	$ 109,000.00
TOTAL	$ 12,489,305.45

SCHEDULE B- SERIES 2006 A BONDS

FORM 8038-G

(See Tab No. 39)

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA

Janet L. Roset, CPA
Michael N. Deemer, CPA
Nancy J. Gwynn, CPA

The Maxwell Centre
32 Twentieth Street, Suite 300
Wheeling, West Virginia 26003

304 232-2280
Fax 304 232-2322
www.bwkcpas.com

Weirton Office
3600 West Street, Suite 4
Weirton, West Virginia 26062

304 748-5550
Fax 304 748-5551

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance Inc.
New York, New York

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Based upon The City of Wheeling, West Virginia (the "Issuer") sewer rates and charges set forth in the Final Order of the Public Service Commission of West Virginia, dated March 1, 2004, in Case No. 03-1943-S-MA, and the water rates and charges set forth in the Final Order of the Public Service Commission of West Virginia in Case No. 05-1807-W-CN dated May 24, 2006, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer and its Consulting Engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), (a) regarding the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, the schedule of rates or charges enacted is sufficient to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Prior Bonds and the Series 2006 A Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; and (b) regarding the Series 2006 A Bonds, the schedule or schedules of rates or charges in effect is sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, including the Prior Bonds and the Series 2006 A

Bonds and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period.

It is our further opinion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of the Bonds, plus the increased annual Net Revenues expected to be received after the date of issuance of the Bonds shall not be less than 125% of the Maximum Annual Debt Service on the Series 2006 A Bonds and Prior Bonds.

All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance, as supplemented and amended, when used herein.

Bodkin Wilson + Kozicki
PLLC

Wheeling, West Virginia,
September 26, 2006.

$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CERTIFICATE OF ENGINEERS

We, Lise Sibicky, Registered Professional Engineer, West Virginia License No. 11321, of Burgess & Niple, Inc., Parkersburg, West Virginia, and William Allis, Registered Professional Engineer, Pennsylvania License No. PE054346E, of Gannett Fleming, Inc., Harrisburg, Pennsylvania, hereby certify that the Project, as more fully defined and described in the Bond Ordinance, as designed, is adequate for its intended purpose and has a useful life of at least thirty (30) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear.

The bid extensions obtained for the Project or executed construction contracts, as applicable, are attached hereto and made a part hereof as Exhibit A.

This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and seal on this 26th day of September, 2006.

(SEAL)

LISE E. SIBICKY
REGISTERED
11321
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

BURGESS & NIPLE, INC.

By: _____
Lise Sibicky, P.E.
West Virginia License No. 11321

GANNETT FLEMING, INC.

(SEAL

By: _____
William Allis, P.E.
West Virginia License No. PE054346E

09.18.06
964250.00042

CH847878.1

$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CERTIFICATE OF ENGINEERS

We, Lise Sibicky, Registered Professional Engineer, West Virginia License No. 11321, of Burgess & Niple, Inc., Parkersburg, West Virginia, and William Allis, Registered Professional Engineer, Pennsylvania License No. PE054346E, of Gannett Fleming, Inc., Harrisburg, Pennsylvania, hereby certify that the Project, as more fully defined and described in the Bond Ordinance, as designed, is adequate for its intended purpose and has a useful life of at least thirty (30) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear.

The bid extensions obtained for the Project or executed construction contracts, as applicable, are attached hereto and made a part hereof as Exhibit A.

This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

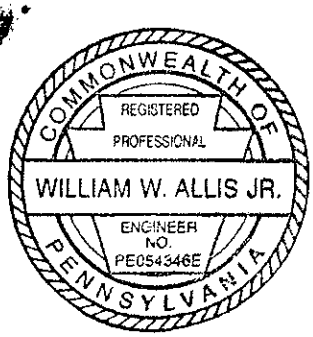
WITNESS our signatures and seal on this 26th day of September, 2006.

BURGESS & NIPLE, INC.

(SEAL)

By: _____
Lise Sibicky, P.E.
West Virginia License No. 11321

(SEAL)



GANNETT FLEMING, INC.

By: _____
William Allis, P.E.
Pennsylvania License No. PE054346E

09.18.06
964250.00042

EXHIBIT A

BID EXTENSIONS AND/OR EXECUTED CONSTRUCTION CONTRACTS

THE JAMES WHITE CONSTRUCTION CO.

General Contractors and Excavating

4156 FREEDOM WAY • WEIRTON, WV 26062-5296

August 11, 2006

Burgess & Niple, Inc.
4424 Emerson Avenue
Parkersburg, WV 26104

Attention: Ms. Lise E. Sibicky, PE

RE: City of Wheeling Water Department
Water System Improvements
Contracts 03-1, 03-2, 03-3
Bid Hold Extension

Dear Ms. Sibicky:

In reference to your letter dated August 7, 2006 regarding the extension of our bid hold time. We would agree to the terms of the bid hold extension for each contract to September 15, 2006 as per your letter with the following conditions.

1. A minimum thirty (30) day addition to the contract completion time for each contract due to the fact that we are losing work time during this construction season and increasing work time during the winter months.
2. The possibility of additional time to complete pavement replacement in the spring of 2007.
3. Payment for temporary pavement that may also be required in Contracts 03-1 and 03-3, especially the WVDOH roads, since placing asphalt on WVDOH roads is only allowed between May 1 and October 1.
4. The right to negotiate for payment of any increase in the cost of asphalt placed in 2007 that would have been placed in 2006.

We are looking forward to performing this contract work for the City of Wheeling Water Department and we are submitting this response with all due respect. Please feel free to contact me at this office to further discuss this matter.

Your utmost attention and timely response to this matter would be greatly appreciated.

Respectfully,

Michael Gianni
President

MAG/mg

JRC

JR CONTRACTING, LLC

August 16, 2006

City of Wheeling Water Department
9 Armory Drive
Wheeling, WV 26003

Re: Water System Improvements – River Crossing
Letter Dated August 7, 2006

Dear City of Wheeling,

I have received your request for a 30-day extension for a bid hold on Contract 03-4, Water System Improvements, River Crossing until September 15, 2006.

JR Contracting, LLC will grant the extension to September 15, 2006.

I notice to proceed should be issued shortly after the bid hold to allow our subcontract for the river crossing to start.

Should additional time become necessary, we request an opportunity to revisit our pricing for fluctuations.

Respectfully,

Clement A. Ferri, Jr.
President
JR Contracting, LLC

CC: Lisa Subicky, PE - Burgess & Niple, Inc. (via fax 304-485-0238)

4160 Washington Road, Suite 104 ■ McMurray, PA 15317 ■ (724) 941-1439 ■ Fax (724) 941-1489

WAYNE CROUSE, INC.
Mechanical Contractors and Engineers

3370 STAFFORD STREET, P. O. BOX 4349
PITTSBURGH, PA 15204-1442
(412) 771-5176
FAX # (412) 771-2357
www.waynecrouse.com

August 14, 2006

Gannett Fleming, Inc.
207 Senate Avenue
Camp Hill, PA 17011

Attention: Mr. Larry Zimmerman

Re: Wheeling Water Authority
Wheeling Park Pump Station Contract 1

Dear Larry:

Wayne Crouse, Inc. will hold the price for Wheeling Park Pump Station Contract #1 for an additional thirty (30) days or until September 12, 2006, with the exception of an additional $1,000.00 add to the project for Peerless Pumps.

If you have any questions, please contact our office.

Very truly yours,
Wayne Crouse, Inc.

I. Jos. Pace

I. Joseph Pace
Vice President
Water Treatment

Enclosures

IJP/js

Cc: IJP
Accounting

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
Fax: (717) 763-1808
www.gannettfleming.com

September 8, 2006

Wayne Crouse, Inc.
3370 Stafford Street
P.O. Box 4349
Pittsburgh, PA 15204-1442

RE: Project No. 41780
Construction of Wheeling Park Pumping Station
Contract One General Construction

Gentlemen:

On May 16, 2006, bids were received for the above-referenced project. Your bid for this contract was $248,000.00 (Two Hundred Forty-Eight Thousand, Dollars). Subsequent to your bid, the City has agreed to the following modifications to the Contract:

1. Delete roof/soffit and fascia replacement
2. Substitute hydraulic pump check valves for hydraulic valves control valves without filters
3. Add additional cost for pump units

The total value of these deductions and addition is $16,000. Accordingly, the City has authorized us to notify you on their behalf of their INTENT TO AWARD this contract to your firm, contingent upon receipt and approval of all required bonds, insurances, and Stipulations Against Liens. The adjusted contract amount will be $232,000 (Two Hundred Thirty-Two Thousand, Dollars).

The following Contract Documents are being forwarded to you under separate cover for your execution:

(1) Bonds

Four (4) copies of forms for your use in furnishing the Performance Bond and Payment Bond. In accordance with Section I, Article 1.13 of the Contract Documents, you are hereby requested to submit properly executed Performance and Payment Bonds, each in the amount not less than 100% of the Contract value.

(2) Stipulations Against Liens

One copy of the Stipulation Against Liens for execution by your firm. It will be dated when the City executes the Agreement.

The insurance coverage requirements for this Contract are outlined in Section I Article 1.16. Please note that additional insureds on the required insurances must include the City of Wheeling and Gannett Fleming, Inc. In accordance with Section I Article 1.13 of the Contract Documents, the bonds and insurances must be furnished within seven (7) days of your receipt of this letter. In addition, we wish to have the Stipulations Against Liens returned at the same time. Please forward all copies to my attention, at the above address.

Three copies of the Contract Documents along with four sets of the Contract Drawings are also being provided under separate cover. A fourth copy of the Contract Documents, containing all executed documents, will be furnished to you upon execution by all parties.

Very truly yours,

GANNETT FLEMING, INC.
Environmental Resources Division

William Allis/LSB

WILLIAM W. ALLIS, JR., P.E.
Principal Water Process Engineer
Senior Project Manager
Water and Wastewater Practice

Enclosures

cc: William F. Huggins
Robert Herron, Wheeling
Laurence Zimmermann, GF
Rulison Evans, GF
File 41780-Bid Phase

ERB Electric Company
500 Hall St., Suite 1
Bridgeport, OH 43912

WV: (304) 233-0161
OH: (740) 633-5055
Fax: (740) 633-5127
WV Contractor's License WV0003498

August 10, 2006

Gannett Fleming, Inc.
207 Senate Ave.
Camp Hill, PA 17011
Attention: Laurence Zimmermann, PE

RE: Project # 41780, City of Wheeling - Wheeling Park Pump Station, Contract Two

Dear Sir,

As per your request, Erb Electric Co. agrees to hold firm to our bid price for an additional 30 days commencing from the date of this letter.

Should you have any questions, please feel free to contact me.

Respectively submitted,

Charles McFadden

Charles McFadden
Project Manager

Erb Electric Co.
500 Hall St.
Bridgeport, OH 43912
740-633-5055

Gannett Fleming

GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100
Location:
207 Senate Avenue
Camp Hill, PA 17011
Office: (717) 763-7211
Fax: (717) 763-1808
www.gannettfleming.com

September 8, 2006

Erb Electric Company
500 Hall Street
Bridgeport, OH 43912

RE: Project No. 41780
Construction of Wheeling Park Pumping Station
Contract Two Electrical Work

Gentlemen:

On May 16, 2006, bids were received for the above-referenced project. Your bid for this contract, in the total base bid amount of $115,131.00 (One Hundred Fifteen Thousand, One Hundred Thirty-One Dollars), has been tentatively accepted by the City. They have authorized us, therefore, to notify you on their behalf of their INTENT TO AWARD this contract to your firm, contingent upon receipt and approval of all required bonds, insurances, and Stipulations Against Liens.

The following Contract Documents are being forwarded to you under separate cover for your execution:

(1) Bonds
Four (4) copies of forms for your use in furnishing the Performance Bond and Payment Bond. In accordance with Section I, Article 1.13 of the Contract Documents, you are hereby requested to submit properly executed Performance and Payment Bonds, each in the amount not less than 100% of the Contract value.

(2) Stipulations Against Liens
One copy of the Stipulation Against Liens for execution by your firm. It will be dated when the City executes the Agreement.

The insurance coverage requirements for this Contract are outlined in Section I Article 1.16. Please note that additional insurers on the required insurances must include the City of Wheeling and Gannett Fleming, Inc.

In accordance with Section I Article 1.13 of the Contract Documents, the bonds and insurances must be furnished within seven (7) days of your receipt of this letter. In addition, we wish to have the Stipulations Against Liens returned at the same time. Please forward all copies to my attention, at the above address.

Three copies of the Contract Documents along with four sets of the Contract Drawings are also being provided under separate cover. A fourth copy of the Contract Documents, containing all executed documents, will be furnished to you upon execution by all parties.

Very truly yours,

GANNETT FLEMING, INC.
Environmental Resources Division

WILLIAM W. ALLIS, JR., P.E.
Principal Water Process Engineer
Senior Project Manager
Water and Wastewater Practice

Enclosures

Cc: William F. Huggins
Robert Herron, Wheeling
Laurence Zimmermann, GF
Rulison Evans, GF
File 41780-Bid Phase

$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

CERTIFICATE OF REGISTRAR FOR SERIES 2006 A BONDS

WesBanco Bank, Inc., Wheeling, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Series 2006 A Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of The City of Wheeling (the "Issuer") enacted July 5, 2006, as supplemented (collectively the "Ordinance"):

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

2. The Bank has duly authorized, by all necessary action, the authentication of the Series 2006 A Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Series 2006 A Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank which is attached hereto as Exhibit B, such person, in his or her official capacity, was and is authorized to authenticate the Series 2006 A Bonds for and on behalf of the Bank.

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

Name	Title	Signature
Janet L. Shelburne	Senior Trust Officer	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Ordinance; the Series 2006 A Bonds have been duly authenticated and delivered to DTC, and proceeds of the Series 2006 A Bonds have been deposited as required by the Ordinance.

6. Attached hereto as EXHIBIT A is a correct listing of the Series 2006 A Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Series 2006 A Bonds.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on this 26th day of September, 2006.

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

09/18/06
964250.00042

EXHIBIT A - SERIES 2006 A BOND TERMS

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	CUSIP
2008	$215,000.00	3.750%	100.287%	963270DS9
2009	$225,000.00	3.750%	100.427%	963270DT7
2010	$235,000.00	3.750%	100.474%	963270DU4
2011	$240,000.00	3.750%	100.465%	963270DV2
2012	$250,000.00	3.750%	100.351%	963270DW0
2013	$260,000.00	4.000%	101.579%	963270DX8
2014	$270,000.00	4.000%	101.450%	963270DY6
2015	$280,000.00	4.125%	102.156%	963270DZ3
2016	$290,000.00	4.125%	101.876%	963270EA7
2017	$305,000.00	4.125%	101.391%	963270DR1

$1,365,000.00 5.000% Term Bonds, Due June 1, 2021 at 106.549% 963270EB5
$2,095,000.00 4.250% Term Bonds, Due June 1, 2026 at 98.291% 963270EC3
$2,970,000.00 5.250%Term Bonds, Due June 1, 2036 at 106.554% 963270ED1
$3,000,000.00 4.750% Term Bonds, Due June 1, 2036 at 100.999% 963270EE9

EXHIBIT B

RESOLUTION OF BANK

WESBANCO BANK, INC.
CERTIFICATE OF RESOLUTION

I, LINDA M. WOODFIN, do hereby certify that I am the Secretary of WesBanco Bank, Inc., and that as such, I have access to the Minute Book of said corporation.

I do further certify that the following is a true and correct copy of a Resolution duly approved and adopted by the Board of Directors of said corporation at a regular meeting thereof held on the 25th day of April 2006, at which meeting a majority of the members were present and participating, and that said action has not been amended or rescinded, but is still in full force and effect:

> RESOLVED, that the Board of Directors of WesBanco Bank, Inc. hereby authorizes any one of the following individuals, Thomas B. McGaughy, Janet L. Shelburne and Rhonda J. Revels, to accept and to execute documents on behalf of WesBanco Bank, Inc. in order to serve as Trustee, Paying Agent, Transfer Agent or Registrar.

WITNESS my hand this 22nd day of September, 2006.

Linda M. Woodfin
Secretary

(Seal)

$12,000,000

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

UNDERWRITER'S CERTIFICATE

The undersigned Marie Prezioso, Senior Vice President of Ferris, Baker Watts, Incorporated (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Series 2006 A Bonds"), hereby certifies that:

(a) At least 10% of each maturity of the Series 2006 A Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated September 12, 2006, by and between The City of Wheeling, West Virginia (the "Issuer") and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated September 12, 2006, relating to the Series 2006 A Bonds. We have made a bona fide public offering of all Series 2006 A Bonds at the public offering price. At the time we agreed to purchase the Series 2006 A Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Series 2006 A Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(b) The level of funding of the Series 2006 A Bonds Reserve Account established by the Ordinance authorizing issuance of the Series 2006 A Bonds is reasonable and necessary because such an amount is required as a condition to obtaining bond insurance and marketing the Series 2006 A Bonds at the interest rates and with the maturities established for the Series 2006 A Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Series 2006 A Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2006 A Bonds Reserve Account is equal the Maximum Annual Debt Service on the Series 2006 A Bonds and is less than 125% either the maximum annual debt service on the Series 2006 A Bonds or 10% of the face amount of the Series 2006 A Bonds.

(c) The present value of the premium paid to Financial Security Assurance Inc. to issue the policy to insure payment of principal of and interest on the Series 2006 A Bonds when due is less than the present value of the interest reasonably expected to be saved as a result of insuring the Series 2006 A Bonds.

(d) The weighted average maturity of the Series 2006 A Bonds is 18.786 years.

(e) The net interest cost (not for 8038 purposes is 4.7161473) on the Series 2006 A Bonds is 4.5325477%.

(f) The yield on the Series 2006 A Bonds is 4.5756003%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Series 2006 A Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Series 2006 A Bonds.

Dated this 26th day of September, 2006.

FERRIS, BAKER WATTS, INCORPORATED

By: _____
Its: Senior Vice President

09/18/06
964250.00042

SPECIMEN

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: City of Wheeling, West Virginia

BONDS: $12,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Policy No.: 207347-N

Effective Date: September 26, 2006

Premium: $193,676.63

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

FSA
A Dexia Company

September 26, 2006

Municipal Bond Insurance Policy No. 207347-N With Respect to
$12,000,000 In Aggregate Principal Amount of
City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Ladies and Gentlemen:

I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.

2. The Policy has been duly authorized, executed and delivered by Financial Security.

3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated September 12, 2006 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the caption "BOND INSURANCE – Description of the Bond Insurer - Financial Security Assurance Inc."

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Associate General Counsel

City of Wheeling, West Virginia,
City County Building
1500 Chapline Street,
Wheeling, West Virginia 26003.

Ferris, Baker Watts, Incorporated,
as Representative of the Underwriters,
100 Laidley Tower,
Charleston, West Virginia 25301.

Financial Security Assurance
31 West 52nd Street · New York, New York 10019 · Tel: 212.826.0100 · Fax: 212.688.3101
New York · Dallas · San Francisco · London · Madrid · Paris · Singapore · Sydney · Tokyo

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 207347-N (the "Policy") in respect of the $12,000,000 in aggregate principal amount of the City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds") that:

(i) the information set forth under the caption "BOND INSURANCE – Description of the Bond Insurer - Financial Security Assurance Inc." in the official statement dated September 12, 2006, relating to the Bonds is true and correct,

(ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,

(iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),

(iv) the insurance premium of $193,676.63 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,

(v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),

(vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,

(vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,

(viii) Financial Security does not expect that a claim will be made on the Policy,

(ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and

(x) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

Dated: September 26, 2006

NOTICE OF CLAIM AND CERTIFICATE

Financial Security Assurance Inc.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Financial Security Assurance Inc. ("Financial Security"), with reference to Municipal Bond Insurance Policy No. 207347-N dated September 26, 2006 (the "Policy") issued by Financial Security in respect of the City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Ordinance") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Ordinance will be $_____ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _____ ("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from Financial Security, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend $"[insert applicable amount] paid by Financial Security and the balance hereof has been canceled and reissued" and then shall deliver such Bond to Financial Security.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to Financial Security the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to Financial Security in respect of such payments. Payments to Financial Security in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by Financial Security to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints Financial Security as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as Financial Security shall not be in default in its payment obligations under the Policy, Financial Security may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency,

receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of Financial Security but subject to reimbursement as provided in the Ordinance and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that Financial Security shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By_____

Title_____

For Financial Security or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

PROCEDURES FOR PREMIUM PAYMENT TO
FINANCIAL SECURITY ASSURANCE INC.

Financial Security's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to Financial Security** Attention: Evan Feldman, Analyst Phone No. 212-893-2732 Fax No. 212-857-0365

Confirm with the individual in our underwriting department that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Financial Security Assurance Inc.
Account No.:	8900297263
Policy No.:	207347-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

Financial Security will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Paralegal , (212) 339-3548.

RECEIVED
DEC 7 2005
MBC

THE CITY OF WHEELING, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A

DATE OF CLOSING: SEPTEMBER 26, 2006

BONDS TRANSCRIPT

VOLUME 2 OF 2

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

THE CITY OF WHEELING, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A

DATE OF CLOSING: September 26, 2006

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to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Issuer deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which have been omitted in accordance with said Rule and which will be supplied in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2006

NEW ISSUE-FULL BOOK ENTRY

Rating: (See "Ratings" herein)

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, interest on the Series 2006 A Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2006 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof. See "TAX MATTERS" herein.

$12,000,000*
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

Dated: Date of Delivery **Due: June 1, as shown inside**

The Series 2006 A Bonds shall be issued only as fully registered Series 2006 A Bonds, 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 and beneficial owners of the Series 2006 A Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2006 A Bonds, payments of the principal of and interest on such Series 2006 A Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2006 A BONDS--Book-Entry Only System" herein).

The Series 2006 A Bonds are being issued to provide funds, together with other funds available therefor; (i) to refund the City's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Refunded Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion (the "Project") of the City's combined waterworks and sewerage system (the "System"); (iii) to fund a reserve account for the Series 2006 A Bonds; and (iv) to pay certain costs of issuance and related costs.

The Series 2006 A Bonds are payable from and further secured by the Gross Revenues, as herein defined, derived from the System, and any additions, betterments and improvements thereto, and from funds on deposit in the sinking funds created therefor, including the reserve accounts established therein. The Series 2006 A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2006 A Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of or the premium, if any, or interest on the Series 2006 A Bonds.

The scheduled payment of principal of and interest on the Series 2006 A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2006 A Bonds by FINANCIAL SECURITY ASSURANCE INC.

The Series 2006 A Bonds are subject to redemption prior to maturity as more fully stated herein.

WesBanco Bank, Inc., Wheeling, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2006 A Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007. Principal of the Series 2006 A Bonds is payable on each June 1 set schedule set forth on the following page:

The Series 2006 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the City by Rose Humway-Warmuth, Esq., Wheeling, West Virginia, counsel to the City. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2006 A Bonds will be available for delivery at DTC, New York, New York, on or about September __, 2006.

FERRIS, BAKER WATTS, INCORPORATED

September __, 2006

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* Preliminary, subject to change.

MATURITIES, AMOUNTS AND INTEREST RATES*

Series 2006 A Bonds
$_____ Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Price/Yield	CUSIP**
2007	140,000			
2008	205,000			
2009	215,000			
2010	225,000			
2011	230,000			
2012	240,000			
2013	250,000			
2014	260,000			
2015	270,000			
2016	280,000			

$1,625,000 ____% Term Bonds, Due June 1, 2021 at ____%
$2,065,000 ____% Term Bonds, Due June 1, 2026 at ____%
$5,995,000 ____% Term Bonds, Due June 1, 2036 at ____%

**CUSIP data on this 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 Holders of the Bonds only at the time of issuance of the Bonds and none of the City or the Underwriter 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 Bonds.

* 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 2006 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City of Wheeling, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City of Wheeling and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Wheeling, West Virginia, since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance" and Exhibit F specimen "Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2006 A Bonds; or (iii) the tax exempt status of the interest on the Series 2006 A Bonds.

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CITY OF WHEELING, WEST VIRGINIA

MAYOR
Nicholas A. Sparachane

CITY MANAGER
Robert Herron

COUNCIL
Gloria Delbrugge
Vernon E. Seals
Robert Henry
Brent Bush
Mike Nau
Barry Crow

CITY ADMINISTRATION

Janice L. Jones - City Clerk
William Huggins - Water Superintendent
Philip E. Kowalski - Water Treatment Plant Manager

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CONSULTING ENGINEER
Burgess & Niple, Inc.
Parkersburg, West Virginia
Gannett Fleming, Inc.
Harrisburg, Pennsylvania

UNDERWRITER

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

OFFICIAL STATEMENT

relating to

$12,000,000*
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

September __, 2006

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Wheeling, West Virginia (the "City"), the municipal water portion of the City's Combined waterworks and sewerage system (the "System") and the City's $12,000,000* in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"). The Series 2006 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance enacted by the Council of the City on July 5, 2006 (the "Bond Ordinance"), as supplemented by a supplemental resolution adopted by the Council of the City on August 1, 2006 (the "Supplemental Resolution") and second supplemental and amendatory resolutions adopted by the Council on September __, 2006 (the "Second Supplemental Resolutions," and collectively with the Bond Ordinance and the Supplemental Resolution, hereinafter the "Ordinance"). Certain capitalized terms used and not defined herein shall have the meanings set forth in the Ordinance.

The proceeds of the Series 2006 A Bonds, together with other funds available therefor, will be used as follows: (i) to refund the City's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Refunded Bonds"); (ii) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion (the "Project") of the City's System; (iii) to fund a reserve account for the Series 2006 A Bonds; and (iv) to pay certain costs of issuance and related costs.

There are outstanding obligations of the City which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000, and currently outstanding in the principal amount of $11,720,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount

* Preliminary, subject to change.

of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). Simultaneously with the issuance of the Series 2006 A Bonds, a portion of the proceeds will be used to refund the Refunded Bonds.

The Series 2006 A Bonds and the Prior Bonds are payable from and secured by the Gross Revenues, as defined in the Ordinance, derived from the System and any additions, betterments and improvements thereto, and from funds on deposit in the Sinking Funds, including the Reserve Accounts therein. The Series 2006 A Bonds do not constitute corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2006 A Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. See "SECURITY FOR THE SERIES 2006 A BONDS - Rate Covenant."

The City may issue additional bonds on a parity with the Series 2006 A Bonds. See "SECURITY FOR THE SERIES 2006 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2006 A Bonds, the Ordinance the Project, the System, the City, the Undertaking and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, the Undertaking, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2006 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Ordinance.

Bond Insurance

Payments of principal of and interest on the Series 2006 A Bonds when due for payment and unpaid by reason of nonpayment under the circumstances hereinafter described, including any such payment of principal or interest made to any Registered Owner of Series 2006 A Bonds which has been recovered from such registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, non-appealable order of a court having competent jurisdiction, will be insured by municipal bond insurance policies to be issued by Financial Security Assurance Inc. (the "Bond Insurer"). See "BOND INSURANCE."

FINANCING PLAN

The Project

The Series 2006 A Bonds are being issued to provide moneys for the payment of the Refunded Bonds, for acquiring and constructing certain extensions, additions, betterments and improvements to the water portion of the System, specifically including, but not limited to, the construction of upgrades to the distribution system, which include the replacement of deteriorated water lines, improvements to the Wheeling Park booster pumping station and improvements to the Supervisory Control and Data Acquisition System, together

with all appurtenant facilities, at a cost of approximately $11,200,000 (collectively, the "Project"), in accordance with the plans and specifications prepared by the Gannett Fleming, Inc., Harrisburg, Pennsylvania and Burgess & Niple, Inc., Parkersburg, West Virginia Consulting Engineers.

The City has received from the Public Service Commission of West Virginia (the "PSC") an order in Case No. 05-1807-W-CN granting the City a Certificate of Convenience and Necessity for the construction of the Project. The order became final on May 24, 2006. The City has received bids for the Project compatible with the proposed financing. The City estimates a 12 month construction schedule.

Sources and Uses of Bond Proceeds

Sources of Funds

Principal Amount of Series 2006 A Bonds	$	_____
[Original Issue Premium]		_____
TOTAL	$	_____

Uses of Funds

Payment of Refunded Bonds	$	_____
[Original Issue Discount]		_____
Deposit to Reserve Account (1)		_____
Underwriter's Discount		_____
Costs of Issuance (2)		_____
Deposit to Construction Fund		_____
TOTAL	$	_____

(1) An amount equal to the annual maximum amount of principal and interest which will come due on the Series 2006 A Bonds.

(2) Includes bond insurance premium.

THE SERIES 2006 A BONDS

General

The Series 2006 A Bonds are dated the date of delivery and bear interest from said date upon original issuance. Any Series 2006 A Bonds issued on or subsequent to said first interest payment date will be dated as of the Interest Payment Date next preceding the date of authentication thereof; unless the date of authentication is after the Record Date but prior to the applicable Interest Payment Date or on such Interest Payment Date on which interest on said Bond shall have been paid in full or duly provided for, in which case said Bond shall be dated such Interest Payment Date; or, if interest on such Bond shall be in default, as shown by the records of the Registrar, as defined below, then any Bond issued in

exchange for a Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2006 A Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year, commencing June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bond is called for prior redemption and payment on such date is provided for.

The Series 2006 A Bonds will be issued as fully registered Series 2006 A Bonds in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 2006 A Bonds shall be payable by check or draft made payable and mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner thereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Series 2006 A Bonds, by notice given to the Registered Owners at the address of such Registered Owner as it appears on the registration books of the City maintained by WesBanco Bank, Inc., N.A., Wheeling, West Virginia, as registrar (in such capacity, the "Registrar") or, at the option of any Registered Owner of $1,000,000 or more of the Series 2006 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such Registered Owner. Principal of and premium, if any, on the Series 2006 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Bond may be transferred only by transfer of registration presented to the Registrar by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Bond, there will be issued another Bond or Series 2006 A Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond. For every exchange or transfer of Series 2006 A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2006 A Bonds that have been called for redemption.

Book-Entry Series 2006 A Bonds

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2006 A Bonds. The Series 2006 A Bonds will be issued as fully-registered bonds 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 bond will be issued for each maturity of the Series 2006 A Bonds, 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 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of the Series 2006 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2006 A Bonds 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 Series 2006 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2006 A Bonds, except in the event that use of the book-entry system for the Series 2006 A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2006 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2006 A Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 A Bonds; DTC's records

reflect only the identity of the Direct Participants to whose accounts such Series 2006 A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2006 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2006 A Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2006 A Bonds may wish to ascertain that the nominee holding the Series 2006 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2006 A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2006 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption payments on the Series 2006 A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the 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 the Series 2006 A Bonds 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], the Paying Agent, or the City, 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 the City or the 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 depository with respect to the Series 2006 A Bonds at any time by giving reasonable notice to the City or the Paying

Agent. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

No Assurance Regarding DTC Practices

The City cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2006 A Bonds (1) payments of principal of or interest and premium, if any, on the Series 2006 A Bonds, (2) confirmation of beneficial ownership interest in the Series 2006 A Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2006 A Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the City nor the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2006 A Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to Bondholders; or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2006 A Bonds.

Optional Redemption

The Series 2006 A Bonds maturing on or after _____ 1, 200__ are subject to redemption prior to maturity at the option of the City on and after _____ 1, 200__, as a whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the City and by lot within a maturity at the redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

Mandatory Sinking Fund Redemption*

The Series 2006 A Bonds maturing June 1, 2021, June 1, 2026 and June 1, 2036, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection 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 2006 A Bonds Maturing June 1, [2021]

Year (June 1)	Principal Amount
2017	$
2018	
2019	
2020	
2021**	

Series 2006 A Bonds Maturing June 1, [2026]

Year (June 1)	Principal Amount
2022	$
2023	
2024	
2025	
2026**	

Series 2006 A Bonds Maturing June 1, [2036]

Year (June 1)	Principal Amount
2027	$
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036**	

*Preliminary, subject to change.
**Final maturity.

SECURITY FOR THE SERIES 2006 A BONDS

The Series 2006 A Bonds are special obligations of the City and are payable as to principal, premium, if any, and interest solely from the sources described below. The City is under no obligation to pay the Series 2006 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2006 A Bonds shall be secured equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Owners of the Prior Bonds, and all moneys in the Sinking Fund for the Series 2006 A Bonds, including the Reserve Account therein. Gross Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Prior Bonds and the Series 2006 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Prior Bonds and the Series 2006 A Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The City covenants and agrees in the Ordinance that the schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City, through the Ordinance, covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) after the Series 1997 Bonds are no longer outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account

Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The City, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the aboverequired coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Rates."

The rate covenant set forth above was approved by an amendment to the Series 1997 Bonds Ordinance by the Series 1997 Bonds insurer, FGIC, on August 15, 2006.

Reserve Account

Pursuant to the Ordinance there will be created with the Bond Commission in the Sinking Fund a Reserve Account which will be funded from proceeds in an amount equal to the reserve requirement. Moneys in the Reserve Account shall be used only to pay principal of, or interest on the Series 2006 A Bonds as due when other moneys in the Sinking Fund are insufficient therefor; provided, that any such moneys in excess of the Series 2006 A Bonds Reserve Account Requirement shall be withdrawn semi-annually from the Reserve Account and deposited in the Series 2006 A Sinking Fund. The City is required to restore any withdrawals from the Reserve Account as follows: to the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 A Bonds Reserve Account to an amount equal to the Series 2006 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2006 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2006 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, provided that such restoration is not required when the sum in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate amount of Series 2006 A Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2006 A Bonds. See, "Appendix E - Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

The reserve account for the Series 1997 Bonds is fully funded. The City will fund the reserve account for the Series 2005 A Bonds over a ten year period. Simultaneously with the issuance of the Series 2006 A Bonds, the City will fund the Reserve Account to the reserve requirement from Bond proceeds.

Depreciation Fund

The City is required after the payments into the Sinking Fund described above and after the payment of Operating Expenses, on the first day of each month. to transfer to the Depreciation Fund a sum equal to five percent (5%) of the Gross Revenues each month, exclusive of any payment for any Reserve Accounts.

Withdrawals and disbursements from the Depreciation Fund shall be made by the City to make up any deficiency in any Reserve Account, for the payment of the principal or interest on bonds, for payment of reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System and under certain circumstances to optionally redeem or purchase bonds. See, "Appendix E -- Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Depository Bank, for disposition in the following order of priority (except as described below): (1) first, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the interest on and principal of the Prior Bonds; (ii) beginning seven months prior to the first interest payment date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semi-annual interest payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semi-annual interest payment date or mandatory Redemption Date, the required amount of interest coming due on such date), and (iii) beginning 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Sinking Fund, and the Series 2006 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date); (2) next, to pay from the Revenue Fund, the current monthly Operating Expenses of the System; (3) on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2006 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 A Bonds Reserve Account below the Series 2006 A Bonds Reserve Requirement or any withdrawal from the Series 2006 A Bonds Reserve Account; and (4) on the first day of each month, transfer to the Depreciation Fund a sum

equal to not less than 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

As described under "Sources of Payment" above, the Series 2006 A Bonds payments and the Prior Bonds payments are on a parity with each other and are secured by the Gross Revenues of the System.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State. Such fees, rates, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all delinquent amounts, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on a parity with the Series 2006 A Bonds with respect to their lien on the Gross Revenues of the System and their source of and security for payment from said Gross Revenues (the "additional parity Bonds") for the following purposes and under the following conditions:

No such additional parity Bonds shall be issued except for the purpose of (i) financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Series 2006 A Bonds; (iii) repaying claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the City a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the increased annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

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

So long as the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the City, the period for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the City prior to the issuance of such additional parity Bonds. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Additional Parity Bonds."

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2006 A Bonds, the Bond Insurer will issue its Municipal Bond Insurance Policy for the Series 2006 A Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2006 A Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Description of the Bond Insurer - Financial Security Assurance Inc.

Financial Security Assurance Inc. (herein this Section, "Financial Security") is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At June 30, 2006, Financial Security's combined policyholders' surplus and contingency reserves were approximately $2,514,378,000 and its total net unearned premium reserve was approximately $1,937,740,000 in accordance with statutory accounting principles. At June 30, 2006, Financial Security's consolidated shareholder's equity was approximately $2,889,984,000 and its total net unearned premium reserve was approximately $1,556,639,000 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2005 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Series 2006 A Bonds shall be deemed incorporated by

reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Series 2006 A Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2006 A Bonds or the advisability of investing in the Series 2006 A Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the City the information presented under this caption for inclusion in the Official Statement.

THE CITY

The City is a political subdivision and Class II City of the State of West Virginia. Located in Ohio County (as the seat of County government) in the northern panhandle of West Virginia, the City is the third largest city in the State and has a population of approximately 30,000 (approximately 150,000 in the metropolitan area) (2000 Census). (See "Appendix A – City of Wheeling and Ohio County" herein).

City Government

The City Government is organized under the "Manager-Mayor Plan," which is Plan V of the charter plans authorized by Chapter 8, Article 3, Section 2 of the Code of West Virginia, 1931, as amended. Within the provisions of this Plan, the City elects a Council comprised of six members, on a ward basis, and of a Mayor, at large, each for four (4) year, non-staggered, terms. Council appoints a City Manager, who may only be removed upon the vote of five of the seven elected officials. Council, including the Mayor, constitutes the governing body of the City. The City Manager is the administrative authority. The City Manager manages the affairs of the City under the supervision of the Council and is responsible to such Council. The City Manager appoints or employs all subordinates and employees for whose duties or work he is responsible to the Council.

	Term Expires	Occupation
Nicholas A. Sparachane, Mayor	June 1, 2008	Accordia – Senior Vice President of Insurance Sales
Gloria Delbrugge, Council Member	June 1, 2008	Retired (former Fed Ex delivery person)
Vernon E. Seals, Council Member	June 1, 2008	Bus Driver - OVRTA
Robert Henry, Council Member	June 1, 2008	Retired (former Wheeling City Police officer)
Brent Bush, Council Member	June 1, 2008	Wheeling Jesuit University, Development Office
Mike Nau, Council Member	June 1, 2008	Diocese of Wheeling-Charleston, Human Resource Director
Barry Crow, Council Member	June 1, 2008	Mortgage Broker/Owner-Sunset Mortgage

Janice L. Jones, City Clerk, appointed by Council
Robert Herron, City Manager, appointed by Council

Robert Herron, City Manager

Robert Herron attended West Liberty State College graduating in 1983 with a degree in Business Administration. Mr. Herron worked for the Bel-O-Mar Regional Council of Governments from August 1983 until May 1985. Mr. Herron served as the Assistant City Manager in Belleville, Michigan from November 1987 until February 1992, when he became the City Manager of Conneaut, Ohio. Mr. Herron served the City of Conneaut until February 2002 when he became the City Manager for the City. Mr. Herron has 22 years of public administration experience that includes numerous economic development projects, including downtown redevelopment.

Rosemary Humway-Warmuth, Esquire

Rosemary Humway-Warmuth is in her ninth year of service as the City Solicitor for the City of Wheeling, West Virginia. She also serves as contracted legal counsel for the City of Wellsburg, West Virginia. She is in her seventh year as the International Municipal Lawyers Association (IMLA) State Chairperson for West Virginia and has received certification as a Municipal Law Fellow signifying legal expertise in local government practice and is a member of the 2006-07 IMLA Policy Advisory Committee. She is a member of the Municipal League of West Virginia's Legislative Review Committee and recently completed extensive work on behalf of the Municipal League and the West Virginia Municipal Attorneys Association in crafting the state legislature's amendments to the laws affecting eminent domain in the wake of the Kelo case. She is the secretary for the State of West Virginia Municipal Attorneys Association and is a member of the Ohio County Bar Association, along with the West Virginia Bar Association and has served as a speaker or moderator at several seminars and Continuing Legal Education forums with focus on municipal law.

Prior to her appointment as Assistant City Solicitor for the City of Wheeling, Ms. Humway-Warmuth was employed as an Assistant Attorney General for the State of West Virginia from 1994 to 1997 serving as legal counsel for State colleges and universities throughout West Virginia. In that capacity, she provided legal counsel for the boards of trustees and directors of the various colleges and universities. Prior to practicing in West Virginia, Ms. Humway-Warmuth received her Juris Doctor degree from Thomas M. Cooley School of Law in Lansing, Michigan where she served as an Assistant Editor of Law Review and received awards for Outstanding Service to the Law Review as well as numerous American Jurisprudence Awards. She also taught, and continues to teach, Forensic Evidence and Trial Techniques as an Adjunct Professor at Bethany College in West Virginia.

THE SYSTEM

The City commenced the operation of a public water system over 165 years ago and has provided a system of storm and sanitary sewers since the late 1800's. The City has always operated its water system. However, beginning in 1954 at the time of construction of the City's first sewage treatment plant, until 1982, the sewerage system was operated,

maintained and controlled by a Sanitary Board, independent of City Council, pursuant to Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended. In 1982, the City terminated the Sanitary Board and transferred control of the Sewerage System to the City under the jurisdiction of the Water Pollution Control Division, and separate from the Water Department. The description of the operations and financial affairs of each, as described in Appendix B, is separate and distinct, as each continues to be operated on an individual basis.

Coverage Ratios

Under the Ordinance, the City has covenanted to collect fees and charges which shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. See "SECURITY FOR THE SERIES 2006 A BONDS -- Rate Covenant."

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2003 through June 30, 2006 and projected debt service coverage ratio for the fiscal years ended June 30, 2007 through 2008. See "Appendix B - The System" and "Appendix C - Financial Statements of the City".

Historical and Projected Debt Service Coverage (Fiscal Year Ended June 30)

	Historical			Estimated	Projected	
	2003	2004	2005	2006	2007	2008
GROSS REVENUES (1)						
Operating Revenues - Sewer	4,148,237	4,917,437	4,491,240	4,385,303	4,871,302	5,357,303
Operating Revenues - Water	4,251,698	4,254,610	4,425,808	4,400,184	5,823,683	5,823,683
Plus: Other Income and Contributions	106,972	55,744	473,838	104,349	131,836	139,252
Plus: Unrealized Annual Revenues from Approved Rate Increases - Sewer	---	1,281,251	972,000	972,000	486,000	0
Plus: Unrealized Annual Revenues from Approved Rate Increases - Water	---	109,835	---	1,423,499	---	---
Gross Revenues to pay Operating Expenses	8,506,906	10,618,878	10,362,886	11,285,334	11,312,821	11,320,237
OPERATING EXPENSES (2)						
Operating Expenses - Sewer	4,239,833	4,595,630	4,465,634	4,441,305	4,441,305	4,441,305
Operating Expenses - Sewer	3,831,254	3,845,688	4,009,362	4,039,406	4,071,239	4,071,239
Less: Depreciation and Adjustments	(1,922,889)	(1,958,944)	(1,712,465)	(1,886,895)	(1,883,548)	(1,844,441)
Operating Expenses for Debt Service Coverage	6,148,199	6,482,375	6,762,530	6,593,817	6,628,996	6,668,103
NET REVENUES	2,358,707	4,136,503	3,600,356	4,691,518	4,683,824	4,652,134
MAXIMUM ANNUAL DEBT SERVICE (3)	1,973,796	1,963,215	2,844,643	2,844,643	3,618,843	3,618,843
DEBT SERVICE COVERAGE	120%	211%	127%	165%	129%	129%

(1) Operating Revenues for sewer in FY 2004 include an EPA grant of $493,800 and certain miscellaneous income. Projected Operating Revenues for FY 2006 and 2007 reflect no increase or decrease related to useage or changes to the customer base. A water rate increase was approved and put into effect on December 5, 2003, and two sewer rate increases were approved on March 2, 2004. The first sewer rate increase was put into effect on April 3, 2004 and the second sewer rate increase is anticipated to be put into effect on October 8, 2006 for the payment of debt service on the Series 2005 A Bonds. A second water rate increase was approved and put into effect on June 3, 2006 for payment of debt service on the Series 2006 A Bonds. Amended language to the Ordinance for the Series 1997 Bonds was approved by FGIC on August 18, 2006, providing for unrealized revenues from rate increases to be included in the Debt Service Coverage calculation. Projected Other Income and Contributions include estimated interest earnings on the Series 2006 A reserve fund for FY 2007 and FY 2008 and $369,488 in FEMA grant funds for FY 2005.

(2) No pro forma adjustments have been made to Operating Expenses for 2007 and 2008. Expense adjustments for 2006 were made per Rule 42. Includes Series 2003 Design Loan payments of $128,472 for FY 2004, $244,469 for FY 2005 and $39,402 for FY 2006 since the Series 2003 was not issued on parity with the Prior Bonds. Includes annual administrative expenses for the Series 2005 A Bonds of $39,107 for FY 2007 and $78,214 for FY 2008.

(3) Preliminary and subject to change based on final pricing of the Series 2006 A Bonds.

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which Prior Bonds and the Series 2006 A Bonds will be outstanding the amounts payable from Gross Revenues.

Fiscal Year (June 30)	Series 1997	Series 2005 A	Series 2006 A Principal	Series 2006A Interest	Total
2007	1,957,710	440,714			
2008	1,957,872	881,428			
2009	1,960,420	881,428			
2010	1,961,888	881,428			
2011	1,963,138	881,428			
2012	1,963,215	881,428			
2013	696,687	881,428			
2014	699,100	881,428			
2015	694,725	881,429			
2016	693,562	881,427			
2017		881,428			
2018		881,428			
2019		881,428			
2020		881,428			
2021		881,428			
2022		881,428			
2023		881,429			
2024		881,427			
2025		881,428			
2026		881,428			
2027		440,714			
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
Total	14,548,317	17,628,562		-	

RATINGS

Standard & Poor's Ratings Group ("Standard & Poor's") is expected to assign this issue the rating of "AAA" on the understanding that the standard Municipal Bond Insurance Policy of FSA guaranteeing the timely payment of principal of and interest on the Series 2006 A Bonds will be issued upon delivery of the Series 2006 A Bonds. The City did not apply for any other ratings. Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's. There is no assurance that a particular rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Amy downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2006 A Bonds.

Except as provided under "Continuing Disclosure" herein, neither the City nor the Underwriter have undertaken any responsibility to take any action with respect to possible changes in such rating or to bring any such changes to the attention of the Series 2006 A Bondholders.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City or the Project (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the City's financial position or on the validity of the Series 2006 A Bonds, the Ordinance, the Project, or any agreement to which the City is a party and which is a part of the issuance of the Series 2006 A Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2006 A Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the City by its counsel, Rose Humway-Warmuth, Esq., Wheeling, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

In the opinion of Steptoe & Johnson, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 A 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. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted

current earnings. Under existing West Virginia law, the Series 2006 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The opinions described above are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 A Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2006 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2006 A Bonds.

[OID/Premium to come]

UNDERWRITING

Ferris, Baker Watts, Incorporated, as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2006 A Bonds from the City at an aggregate purchase price of $_____ (par less Underwriters' discount of $_____). The Underwriter will be obligated to purchase all of the Series 2006 A Bonds if any are purchased. The Series 2006 A Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

INDEPENDENT AUDITORS

The financial statements as of June 30, 2005, and for the year then ended, included as Appendix C in this Official Statement, have been audited by Bodkin Wilson & Kozicki, independent auditors, as stated in their report appearing herein and the unaudited financial statements, included as Appendix C in this Official Statement, as of April 30, 2006, have been prepared by Bodkin Wilson & Kozicki.

CONTINUING DISCLOSURE

The City has agreed in the Supplemental Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2006 A Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of the fiscal year of the City, commencing in 2007, and to provide the Annual Information to the Central Post Office, as defined in the Continuing Disclosure Agreement delivered by the City at closing, the form of which is included in Appendix G hereto, for delivery to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository"), if any, and to provide notice of the occurrence of the enumerated events to

each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the City to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The City has agreed to give notice in a timely manner to the Central Post Office for delivery to each National Repository, or the MSRB, 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 2006 A Bonds. Registered Owners may contact the City Manager of the City at City County Building, Wheeling, West Virginia 26003, (304) 234-3617 (rherron@cityofwheelingwv.org) for more information.

The City previously entered into a Continuing Disclosure Agreement, dated December 19, 1996 (the "1997 Agreement") with respect to the issuance of the Series 1997 Bonds. The 1997 Agreement required that the City provide annual financial information to the Repositories no later than 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 1998. The City later approved a continuing disclosure agreement (the "2003 Agreement") which provides for disclosure within 300 days. The City has not met the 180 day requirement of the 1997 Agreement but has provided annual financial information within the 300 days required by the 2003 Agreement.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2006 A Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

City of Wheeling
City County Building
Wheeling, West Virginia 26003
(304) 234-3617
Attention: City Manager
E-Mail: rherron@cityofwheelingwv.org

or, during the period of offering the Series 2006 A Bonds, from the Underwriter. Ongoing financial information may be obtained from the City at the address set forth above.

The execution and distribution of this Official Statement has been duly authorized by the City.

CITY OF WHEELING, WEST VIRGINIA

By: /s/ _____
Mayor

By: /s/ _____
City Manager

Dated: _____

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APPENDIX A

CITY OF WHEELING AND OHIO COUNTY (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA

Introduction

The City of Wheeling, founded in 1769 and incorporated in 1836, encompasses approximately 11.2 square miles of land and is located along the Ohio River between Ohio and Pennsylvania in the Northern Panhandle of West Virginia. The City lies approximately 60 miles southwest of Pittsburgh, Pennsylvania and over half of the country's population is within a five-hundred mile radius. This is due to Interstate 70, a major east-west route, running through the City. It connects with Interstate 79, thirty-two miles east of Wheeling, and interstate 77, fifty miles west. The Wheeling-Ohio County Airport located just less than twelve miles from downtown also serves the City as well as the Greater Pittsburgh International Airport, just less than an hour's drive from Wheeling.

Wheeling is the largest city in the Wheeling-Belmont County (Ohio) Metropolitan Statistical Area that includes Ohio and Marshall Counties, West Virginia, and Belmont County, Ohio. The demographic and economic data provided is for the Wheeling Metropolitan Statistical Area.

Population

Wheeling Metropolitan Statistical Area:	149,498 (2004)
Marshall County, WV:	34,337 (2005)
Ohio County, WV:	45,112 (2005)
Belmont County, OH:	69,800 (2003)

Utilities

Electricity:	American Electric Power:
Natural Gas:	Mountaineer Gas Company:
Telephone:	Verizon
Water/Sewage:	Municipally owned and operated

Libraries

The Ohio County Public Library has more than 85,000 volumes, plus newspapers, magazines, videos, and audio tapes. Total circulation exceeds 291,945 volumes. The library also has the Internet, CD-Rom data bases and word processing for public access. The collection features historical and genealogical data.

Health Care

There is excellent health care with many hospitals, clinics and medical centers.

Education

The educational system is comprised of 12 public schools, 10 parochial schools and private schools. There are 8 colleges within the area.

Communications

The area is serviced by both daily and weekly newspapers; numerous radio stations and a number of TV stations.

Transportation

Air, rail, public and private transit and highways make connections to other areas quick and convenient. There are 4 Interstate highways in addition to the US, WV, and Ohio routes. The Ohio River with 12 barge lines and barge services is in this area.

Financial Institutions

More than 20 in the metro area.

Technology

Wheeling grew to prominence in the 19th Century with iron, steel, mining and glassmaking industries. The city now embraces the new technology of electrons and the silicon chip. A development that stands to enhance life in Wheeling in the years to come is the forming of partnerships between business and industry and schools and colleges. One of the brightest examples of this is Wheeling Jesuit University's cooperative venture with the National Technology Transfer Center and the NASA "Classroom of the Future," located in the Erma Ora Byrd Center for Educational Technologies ("CET").

The CET opened its doors in November, 1994 on Wheeling Jesuit University's campus. Working with NASA and West Virginia's congressional leadership, Wheeling Jesuit developed the CET as a local, regional and national education source for students and teachers, parents, business and industry, as well as government agencies.

The NASA Classroom of the Future (COTF) in the CET is the space agency's premier research and development program for educational technologies. The goal of the COTF is to enhance the learning and teaching process for math, science, technology and geography education using advanced computer, telecommunications and multimedia technologies.

The National Technology Transfer Center (NTTC) on Wheeling Jesuit's campus, chartered in 1989 through federal legislation, moves government research from federal laboratories into the hands of U.S. businesses and puts America's leading-edge technologies to work. The NTTC helps with federal technology identification, licensing, prototyping and other commercialization services.

As a national information resource on available technology and technology transfer processes, NTTC is home to more than two million documents on science and technology. It offers Market and Technology Assessment; Technology Access; Professional Development; Commercialization and Technology Gateway Services.

The private sector is also playing a role in establishing Wheeling as a technology center. Several area companies have established solid national reputations as computer technology providers.

Touchstone Research Laboratory, Ltd, in Triadelphia, W.Va. serves as the research and development laboratory and technology "doctor" for hundreds of companies throughout the United States that produce everything from Space Shuttle parts to consumer products, from garden tools to surgical equipment. During any one day, a few dozen engineers and scientists start and finish two new research projects for companies across the United States.

Economy

Wheeling has always been a city with a diversified economy and is continuing to stride ahead into a changing marketplace. Local economic development groups have joined forces to aggressively stimulate the local economy by creating jobs and encouraging local entrepreneurs, via a successful small business incubator and venture capital programs, to start up new businesses. These groups have also found ways to retain and expand existing business and industry, while vigorously marketing Wheeling nationwide in order to attract new companies to the community. The Wheeling area's economy has been changing from heavy industry to state-of-the-art manufacturing, information/service-based office operations; advanced technology/research and a growing heritage/tourism industry.

Wheeling has been a strategic location for manufacturing operations and local educational institutions anticipate changing technology by providing the necessary training for the future and present labor force. Metro Wheeling's quality-oriented workers, extremely competitive power rates (25 percent below the national average), abundant water and raw materials and its ideal location to reach major markets can work together to make any business more profitable.

Major corporations have moved "back office" operations to Wheeling because they found that the area has everything a growing business needs: a skilled and productive labor force, lower payroll costs tied to a lower average cost of living, lower office space costs, proximity to a major international airport, an attractive location that makes recruiting effortless and most importantly, advanced telecommunications to provide fast, efficient service and keep pace with changing technology.

Orrick, Herrington & Sutcliffe (Orrick), a San Francisco-based international law firm, moved it's back office operations from San Francisco to Wheeling and it's Global Operations Center (GOC), which opened in 2002, supports 675 attorneys in 13 offices worldwide. This decision created approximately 120 jobs.

Business and Industry

Wheeling-Pittsburgh Steel Corp., among the nation's largest steel companies, is headquartered in Wheeling with an employee total of 4,000 people in the valley.

More than 17 million tons of coal are locally mined each year, operated by the CONSOL Coal Group-Moundsville and Ohio Operations and Ohio Valley Coal. These operations employ an average of 1,500 persons.

Cabela's, the "World's Foremost Outfitter" attracts 4-5 million visitors per year. They have a 175,000 square foot retail store and a 400,000 square foot distribution center.

Wheeling Island Racetrack and Gaming Center accounted for 15% of West Virginia's total lottery sales in FY '04. The site is one of 4 racetrack locations for Video Lottery Machines. The

Center includes a 151 room hotel, 8 restaurants, a gift shop and show room, Wheeling Island attracts 3 million annual visitors.

Electric utilities are the primary customers for the area's coal, which helps to keep energy costs well below average in the Ohio Valley.

Wheeling has also enjoyed an access advantage in telecommunications since Bell Atlantic installed digital switching in Wheeling and the Northern Panhandle, rendering West Virginia the first state in the country to be completely digital. The installation of fiber optic cable between switching stations allowed Wheeling and West Virginia to take the national lead in telecommunication technology.

Other primary metals plants located in the area are Ohio Coatings, a joint venture between Wheeling-Pittsburgh Steel; Dongyang Tinplate Corp. of South Korea and Nittetsu Shoji America Inc, of Los Angeles, a Japan-based trading company. Custom mills, machine shops and mold shops have grown and prospered in Wheeling. There are also a number of light industries in the area producing dairy products, cleaning supplies, bath fixtures, paper, tobacco products, and optical goods.

A Wheeling landmark, the Wheeling LaBelle Cut Nail Company, continues to thrive. Many of the 35 workers are second or third generation of their family to work at the plant, which was founded in the 1850s.

Outside Wheeling are Ormet Aluminum, PPG, and Miles, Inc. and Wheeling-Nisshin Steel which provide hot-dip aluminized and galvanized products. The area also boasts several power producing plants. Limestone, natural gas and agricultural fertilizer are other industries nearby.

There are a number of major banks, savings and loan associations, lending institutions and other financial businesses in Wheeling. Several banks have trust departments that rank among the largest in the State of West Virginia. Of the six and one-half billion dollars of trust assets in West Virginia, one-third are in Wheeling institutions. Although some of the banks and savings and loans are independents, most are members of local and regional holding companies.

Nearly five million people visit Wheeling each year and more than 9,000 buses bring in visitors annually for fun, festivals, music and the natural beauty found right here. This growth has begun to make an impact on local businesses, who have enjoyed increases in retail sales, lodging and ancillary services.

Source:

Wheeling Convention and Visitors

Economic and Demographic Data - Ohio, County, West Virginia
Ohio County, West Virginia

COUNTY OF OHIO (WEST VIRGINIA)

Introduction

Location: Ohio County is located in the northern panhandle of the State of West Virginia and is 128 miles from the City of Charleston, West Virginia (the State Capitol), 47 miles from Pittsburgh, Pennsylvania, 113 miles from Cleveland, Ohio, 120 miles from Columbus, Ohio and 214 miles from Washington, D.C.

County Seat: City of Wheeling

Commissioners: David Sims, President; Tim McCormick; Randy Wharton

Population

Year	Ohio County	West Virginia	United States
1990	50,871	1,792,548	249,622,814
2000	47,427	1,807,099	282,124,631
2003	45,659	1,811,440	290,788,976
2005 (est.)	45,112	1,816,856	296,410,404

Source: U.S. Bureau of Economic Analysis, Census Bureau mid-year population estimates.

Economy

The ten (10) largest employers, the type of business and number of employees for such companies for the year 2005 in the County are:

Employer	Product/Service	Estimated Number of Employees
Wheeling Hospital, Inc.	Health	2,000
Ohio Valley Medical Center	Health	985
Wheeling Downs Racing Assoc., Inc.	Entertainment	894
Wheeling Park Commission	Government	855
Ohio County Board of Education	Education	756
Cabela's Distribution, Inc.	Wholesale	466
WesBanco Bank, Inc.	Services (Banking)	453
City of Wheeling	Government	423
Wheeling Jesuit University, Inc.	Higher Education	369
Cabela's Retail, Inc.	Retail	350

Source: WV Labor & Economic Research and Individual Companies

Average Annual Unemployment Rates (%)

Year	Ohio County	West Virginia
2000	3.6	5.5
2001	3.5	4.8
2002	4.2	6.1
2003	4.2	6.4
2004	5.0	5.3
2005 (June)	4.7	5.0

Source: West Virginia. Bureau of Economic Analysis.

Average Annual Employment by Industry*

Industry	2002	2003	2004	2005
Natural Resources & Mining	N/A	1,017	N/A	N/A
Construction	1,029	1,654	1,170	1,277
Manufacturing	1,629	4,239	1,4,90	1,516
Trade, Transportation & Utilities	4,377	1,248	5,210	5,086
Information	535	1,476	500	517
Financial Activities	1,511	3,111	1,480	1,462
Professional & Business Services	3,269	6,886	3,250	3,270
Education & Health Services	7,193	3,231	7,390	6,896
Leisure and Hospitality	3,109	3,787	3,120	3,396
Other Services	N/A	N/A	2,610	1,367
Government	3,877	493	4,130	3,818
TOTAL	26,529	27,142	30,350	28,612

Source: West Virginia Bureau of Economic Analysis.
**NAICS Based*

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1999	2005	1999	2005
Ohio County	27,828	28,612	24,344	$29,421
West Virginia	680,865	695,300	26,009	$31,344

Source: West Virginia Bureau of Economic Analysis.

Per Capita Personal Income

County	1992	2000	2004	Rank in State In 2004
United States	$30,906	29,845	$33,050	---
West Virginia	$23,794	21,900	$25,792	---
Ohio County	$20,575	27,132	$31,461	2

Source: West Virginia Bureau of Economic Analysis.

Wages Per Industry (2005) ($)

Industry	Total Wages	Average Annual Wage
Natural Resources & Mining	-0-	-0-
Construction	54,958,078	43,037
Manufacturing	46,702,496	30,806
Trade, Transportation & Utilities	136,544,593	26,847
Information	22,779,110	44,060
Financial Activities	55,109,005	37,694
Professional & Business Services	114,172,641	34,915
Education & Health Services	224,249,702	32,519
Leisure and Hospitality	43,941,506	12,939
Other Services	27,531,642	20,140
Government	115,634,994	30,287
TOTAL	841,790,860	29,421

Source: West Virginia Bureau of Economic Analysis.

Total Wages ($)

Year	Ohio County	West Virginia
1999	677,445,889	17,708,843,730
2000	696,506,784	18,464,578,396
2001*	717,766,970	19,190,285,426
2002*	738,243,148	19,549,827,426
2003*	745,793,170	19,849,663,121
2004*	787,457,702	20,868,401,449
2005*	841,790,860	21,793,516,080

**NAICS Based*
Source: West Virginia Bureau of Economic Analysis.

Community Data

Education Facilities	
Elementary	8
Middle or Jr. High	4
High Schools	1
Vocational Schools	0
Other (Parochial & Private Schools)	7
Colleges:	
West .Liberty State College, W. Liberty (Ohio)	
WV Northern Comm. College, Wheeling (Ohio)	
Wheeling Jesuit University, Wheeling (Ohio)	
Bethany College, Bethany (Brooke)	

Recreational Facilities	
Parks	2
Baseball-Softball Fields	13
Basketball Courts:	
Indoor	3
Outdoor	25
Playgrounds	36
Swimming pools	6
Auditoriums	1
Stadiums	1
Theaters:	
Indoors	6
Outdoors	5
Golf Courses	7
Tennis Courts:	
Indoor	0
Outdoor	11
Country Clubs	2

Medical	
Hospitals	2
Beds	730
Doctors	260
Dentists	39
Licensed Nursing Homes	4
Beds	486

Transportation	
Highways:	
Interstates	I70, I-470
WV Routes	2, 88, 251
US Routes	40, 250
Industrial Parks	3
Airports:	Wheeling-Ohio, Wheeling, WV & Pittsburgh Intl., Pittsburgh, Pa.
Railroads:	CSXT, Wheeling & Lake Erie
Motor Freight Carriers	6
Parcel service available	Yes
Bus Service	Yes

Newspapers:	2
Telephone:	Verizon
TV Stations	2
Radio Stations	11

Utilities	
Electricity:	American Electric Power
Natural Gas:	Allegheny Power

Other Data	
Child Care	19
Banks (including branches)	20
Libraries	2

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis and Wheeling Area Chamber of Commerce

APPENDIX B

THE SYSTEM

DESCRIPTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

The City of Wheeling commenced the operation of a public water system over 170 years ago and has provided a system of storm and sanitary sewers since the late 1800's. The City has always operated its water system. However, beginning in 1954 at the time of construction of the City's first sewage treatment plant, until 1982, the sewerage system was operated, maintained and controlled by a Sanitary Board, independent of City Council, pursuant to Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended. In 1982, the City terminated the Sanitary Board and transferred control of the Sewerage System to the City under the jurisdiction of the Water Pollution Control Department, and separate from the Water Department. The description of the operations and financial affairs of each which follows this section is separate and distinct, as each continues to be operated on an individual basis.

Bodkin, Wilson & Kozicki, PLLC (the "Auditor"), of Wheeling, West Virginia, is the Auditor for the City and, as such, has prepared audited Annual Financial Reports for fiscal years ending June 30, 2003, 2004 and 2005 (the "Audits"). Certain data contained in the Audits has been regularly summarized in the following sections of this Official Statement and attributed when so summarized; data not attributed has been provided by the City in one or more reports, studies or certifications, including both Annual Reports filed with the Public Service Commission and the "Consulting Engineer's Annual Report for Fiscal Year 2005 prepared by Green Consulting, LLC of Mayfield, Ohio. Although the current Engineer's Report is not yet available, the City has determined that no events have occurred or circumstances exist which represent a material change in the affairs or operations of the Combined Waterworks and Sewerage System from the state of such affairs or circumstances at the time of the preparation of the 2005 Report. For additional and more complete information, reference should be made to the City itself or to the Audits, the 2005 Engineer's Report, or the current FY Engineer's Report (when completed and available), copies of which can be obtained from the City.

Notwithstanding the individual operations of each Department, the Series 2006 A Bonds (together with the City's Series 1997 and Series 2005 A Bonds, the "Prior Bonds") have a first, equal and pro rata lien on all the Gross Revenues of the Combined Waterworks and Sewerage System, so that excess revenues from one portion of the Combined System may be used to correct a deficiency in the other portion. The Series 2006 A Bonds are limited special revenue obligations of the City payable solely from the revenues and other income derived from all services, properties and facilities of the Combined Waterworks and Sewerage System. The Series 2006 A Bonds are not general

obligations of the City, and the holders or owners thereof shall have no right to have excises or taxes levied by the City, the State of West Virginia or any political subdivision thereof for the payment of the principal, premium, if any, or interest on the Bonds. (See "Summary of Certain Provisions of the Bond Ordinance – System Revenues; Funds and Accounts" herein).

NEITHER THE GENERAL CREDIT OF THE CITY OF WHEELING NOR THAT OF THE STATE OF WEST VIRGINIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE OWNERS AND HOLDERS THEREOF ARE GIVEN NO RIGHT TO HAVE ANY EXCISES OR TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA, THE CITY COUNCIL OF THE CITY OF WHEELING OR THE TAXING AUTHORITY OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

THE WATERWORKS SYSTEM

Description

A. Supply and Treatment

The City's first system consisted of a pumping station along the Ohio River near 8th Street, pumping directly from the Ohio River into a reservoir and distribution system without further treatment. The existing Wheeling Water Treatment Plant was constructed in 1924. This facility, located in the Warwood area of Wheeling, draws water from the Ohio River. The plant underwent a major upgrade in 1964, and solids handling facilities were added in 1979 to conform to United States Environmental Protection Agency requirements. In 1989, the City began implementing a major capital improvements program, some of which was funded from current revenues, and the bulk of which was financed from proceeds of certain Prior Bonds. At the water treatment plant, such improvements included, among others, the repair of concrete settling basins, the installation of liquid hydrofluosilic acid and liquid ferric chloride coagulant feeder systems to replace dry chemical feeders, the construction of a new chemical feed building, the repair and replacement of assorted valves, pumps and similar equipment and the addition of a SCADA (computer control) system to monitor and control treatment processes.

The treatment processes at the Wheeling Water Treatment Plant consist of raw water intake to one of three low service, variable-speed, pumps which deliver the water to pre-sedimentation basins; coagulation with iron salts (usually ferric chloride); flocculation and sedimentation; rapid sand filtration; disinfection with chlorine; taste and

odor control with activated carbon; a clearwell and high service pumps. Chlorine dioxide and potassium permanganare can also be added to control taste, odor and trihalomethanes. The solids handling facilities dewater approximately 1000 tons of sludge annually.

B. Storage Tanks

The names and capacities of the City of Wheeling storage facilities are:

Warwood	1,000,000	gal.
Mt. Wood (3 tanks)*	4,000,000	gal.
Clator*	2,000,000	gal.
Clearview	150,000	gal.
Grandview Reservoir (2 tanks)	3,426,000	gal.
Grandview Tank	263,000	gal.
Boggs Hill*	500,000	gal.
Mozart (2)	200,000	gal.
Stackyard	238,000	gal.
Forest Hills	50,000	gal.
Howard Hills	200,000	gal.
Springdale	810,000	gal.
Patterson Reservoir	593,000	gal.
Oglebay	1,000,000	gal.
Leewood**	200,000	gal.
Washington Farms	50,000	gal.
Total Storage Facilities	14,680,000	gal.

*Newly constructed in 1992 as part of the capital improvement program.
**Not in service.

C. Distribution System

The distribution system includes over 189 miles of pipelines and 10 booster stations, capable of delivering up to 10 million gallons per day ("MGD"). This system provides water to a variety of businesses, two major hospital complexes, residents of the City, and residents of seven communities outside the City's corporate boundaries. The system has experienced steady development throughout its history with a major renovation campaign in the 1960's and in 1992 as part of the capital improvement program. Today system growth has continued through the construction of new subdivisions.

Various distribution zones are organized throughout the service area topography to provide customers with adequate pressure. These areas are generally defined by booster stations and their individual distribution systems. These areas are:

a. Oglebay Park
b. Bethlehem
c. Mozart
d. Stackyard
e. Forest Hills
f. Howard Hills
g. Elm Grove
h. Greggsville
i. Clearview
j. Grandview
Low Service (all remaining areas)

D. Alternate Water Supply

In 1992, as part of the capital improvement program, the City installed vertical wells along the Ohio River near the treatment plant in order to provide an alternate water source, it is estimated these wells can provide approximately 60% of the City's average daily usage, in the event of an emergency condition with the City's river supply.

Management

All the Divisions operate under the direct supervision of Superintendent, Mr. William F. Huggins. As Superintendent, Mr. Huggins provides executive and technical leadership, and directs and manages the operations of the complete water system. His duties include budget preparation, rate case studies, equipment purchase, and construction inspection. Mr. Huggins began his employment with the City as Water Treatment Plant Operator in 1971 and he moved into his present position as Superintendent in 1978. He holds a Water Treatment Plant Operator Class IV license, with a Fluoridation certificate, from the West Virginia Department of Environmental Health. In addition to continuing education in management and water treatment, Mr. Huggins received a Bachelor of Science degree in Physics in 1971 from West Liberty State College. Mr. Huggins is the Water Division's representative on the West Virginia – American Water Works Association ("AWWA") Utility Committee and is a life member of AWWA.

Philip Kowalski – Plant Supervisor.

As Plant Supervisor, Mr. Kowalski is responsible for the day-to-day management of operations at the Water Treatment Plant. Having commenced his employment with the City as a Water Plant Operator in 1974, Mr. Kowalski brings thirty-two years of on-duty experience to his position. A 1971 graduate of West Liberty State College, Philip Kowalski holds a Water Plant Operator Class IV license, with Microbiology certificate

from the West Virginia Department of Environmental Health. Mr. Kowalski is a member of the American Water Works Association and he is the Water Department representative on the Water User Committee of the Ohio River Sanitation Commission.

Employees and Payroll

As of June 30, 2006, the City had 55 employees engaged in Waterworks System tasks. The Fiscal Year 2006 payroll was budgeted at $2,176,340.

Operations

The following table indicates the annual water consumption of each customer class, as shown in the City's records for the fiscal year ended June 30, 2005. The Waterworks System pumped an average of 7.6 MGD in 2005, with daily averages during the peak month of August, 2005, at 8.25 MGD.

Customer Class	Gallons Sold/ Billed (000)	Number of Customers
Residential	663,776	12,296
Commercial	544,375	1,473
Industrial	14,879	22
Resale	538,328	9
Unmetered	1,031	3
Unaccounted/Loss	704,586	N.A
	2,466,975	

Water loss in the system accounted for nearly 28.2% of all water distributed; this loss is attributed to both leakage from old pipes within the system and from faulty, aged valves and meters at sundry locations. Pursuant to the issue of the Series 1997 Bonds, the PSC ordered the City to establish an escrow account of $0.025 per thousand gallons billed; funds from this account are to be used for the purpose of reducing said water loss. Since 1997, the City has conducted a yearly leak detection survey (covering a 4th section of the City each year) in an effort to find and repair leaks, and continues with its program of renewing galvanized mains and replacing meters. The completion of the Project will address most of these issues.

Average Number of Water Customers

Fiscal Year	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
	13,681	13,791	13,877	13,922	13,933

The City provides water to four neighboring communities and the Ohio County Public Service District. These four communities are served through master meters. Each community has one master meter, with the exception of the Ohio County Public Service District which receives water from the City in five different locations. The communities and their consumption and revenues for the fiscal year ended June 30, 2005, are:

	Annual Consumption (000 gallon)	Annual Revenue
1. Bethlehem	83,882	105,547
2. Triadelphia	34,633	46,354
3. Valley Grove	13,986	23,474
4. West Alexander (Pennsylvania)	14,751	24,110
5. Ohio County PSD		
#7@ 29th Street	996	2,331
#9@ Elm Grove	72,740	92,422
#1@ Warwood	301,402	360,859
#6@ Frazier Run Road	444	1,050
#11@ Leewood	1,533	6,106
	377,115*	426,768**

*Represents 21.4% of the Water System's total consumption for fiscal year 2005.
**Represents 9.75% of the Water System's total water operating revenues for fiscal 2005.

The ten largest users (not including resale to neighboring communities) and their billings for the fiscal year 2006 were:

		Annual Consumption (1,000 Gallons)	Annual Revenue
1.	Wheeling Hospital	53,706	69,999
2.	Ohio Valley Hospital	31,032	43,300
3.	Wheeling Downs	26,952	38,496
4.	Wheeling Linen	18,523	31,038
5.	Ziegenfelders	17,401	28,427
6.	Oglebay Park	13,752	22,366
7.	Niebergall Ice Co.	8,688	17,202
8.	Peterson Hospital	7,044	15,975
9.	North Park Associates	6,888	15,768
10.	Uwanta Linen	6,504	14,176
	TOTAL	190,490	296,747

Rates

The rates and connection fees charged to users of the Waterworks System are detailed in the following tables. Water usage (including meter size minimum) rates in the first two tables became effective on June 3, 2006, following Public Service Commission approval, and represent approximately 44% increase from previous rates.

Rates (Monthly)

First 1,000 gallons used per month	$	7.10 per 1,000 gallons
Next 499,000 gallons used per month		3.259 per 1,000 gallons
All over 500,000 gallons used per month		1.679 per 1,000 gallons

Minimum Charge

The following amounts represent the minimum monthly charge, according to the size of the meter installed:

5/8-inch meter	$	7.10 per month
3/4-inch meter		10.65 per month
1-inch meter		17.75 per month
1½ -inch meter		35.50 per month
2-inch meter		56.80 per month
3-inch meter		106.50 per month
4-inch meter		177.50 per month
6-inch meter		355.00 per month
8-inch meter		568.00 per month

Service Connection Charge

Size of Tap		Charge
5/8-inch and 3/4-inch	$	300
1-inch and larger		400

Fire Service Lines

2-inch or smaller	$	56.29 per year
3-inch		90.27 per year
4-inch		144.43 per year
6-inch		309.04 per year
8-inch		534.19 per year

10-inch 858.10 per year

If unmetered, an additional $85.93 per year.

Hydrants

$148.68 per hydrant per year.

Average Monthly Rates; Area Comparisons

Based upon current rates, the average user of the Waterworks System pays the average monthly amounts set forth in the first table which follows. Comparable average monthly water rates for communities in the State follow in the second table.

Gals/Mo.	Wheeling	Ohio Co. PSD	Valley/Grove	Triadelphia	W. Alexander
Resid. 4,500	$18.51	$22.14	$19.99	$13.55	$27.00
Commer. 50,000	166.79	160.11	190.41	124.05	155.40
Indust. 500,000	1,633.34	1,393.61	1,859.06	1,079.10	1,325.40

Gals/Mo.	Weirton	Parkersburg	Clarksburg	Fairmont
Resid. 4,500	$20.96	$28.17	$23.72	$21.56
Commer. 50,000	204.17	225.42	200.17	186.17
Indust. 500,000	2,001.00	2,191.80	1,327.68	1,206.10

Upcoming Projects; Water

Included in this bond issue are funds for engineering design of a new water treatment plant. Design and a membrane pilot testing program will occur in 2007 as the testing has to occur during specific weather conditions. Construction of a new plant is estimated at $22.5 million and proposed for 2008 and 2009. In addition, the City will continue to replace distribution lines. The City of Wheeling provides water to the Ohio

County Public Service District ("PSD") that services the Highlands development. Discussions between the City and PSD have begun regarding a new transmission main capable of producing up to 2,000,000 gallons of water a day, the cost of which will be at the County's expense.

THE WASTEWATER COLLECTION AND TREATMENT SYSTEM

Description

The City's Wastewater Collection and Treatment System began as a collection of combined wastewater and storm drain sewers built in the late 1800's and on a continuing basis into the 1950's. Some 154 miles of 6-inch to 24-inch clay pipes remain the primary collection system of the City. However, beginning in the 1950's, the City began to construct a series of concrete interceptors, commenced construction of its first treatment plant in 1954, and brought a new plant, to provide primary treatment, on-line in 1960. In 1972, the City began to plan an upgrade of this plant to meet higher environmental standards. At the same time, improvements were made to the Warwood Pump Station and seven municipal metering stations. The new secondary treatment plant began operations in 1983. The collection system now contains approximately 300 miles of sewers.

Except for its northern-most reaches, nearly all of Ohio County is within the same drainage basin that drains toward Wheeling Creek and thence to the Ohio River. The wastewater treatment plant is located approximately 1/2 mile downstream of the junction of these two major water courses and is, therefore, in an excellent location to serve most of Ohio County. New trunk sewers built in the mid-1980's extended the System from its base of the City of Wheeling and the Communities of Bethlehem, Triadelphia and Clearview into the surrounding Ohio County. Thirteen (13) lift stations and seventeen (17) metering stations operate along the System.

As trunk sewers continue to be constructed outside the City limits, a greater percentage of the population within the Wheeling Creek drainage basin will be served by the central Wheeling wastewater treatment plant.

The secondary wastewater treatment plant, as constructed in1983, was designed to handle a population of approximately 60,000 people and an average flow of 10 million gallons per day ("MGD"). However, the average daily flow is 9.0 MGD, serving a sewered population of approximately 57,000. Hydraulically, the plant can handle a flow of 30 MGD, with 10 MGD receiving secondary treatment.

The treatment plant is a secondary treatment facility consisting of the following wastewater treatment units: bar screens, raw sewage pumps aerated grit chambers,

primary clarifiers, complete mix activated sludge aeration tanks, secondary clarifiers, chlorine contact tanks and a Parshall flume.

Sludge handling consists of the following collection and primary and secondary treatment methods: primary sludge pumping and degritting, waste sludge pumping, primary and secondary scum pumping, sludge thickening, anaerobic sludge digestion, polymer conditioning and sludge dewatering via belt filter presses.

Prior to entering the treatment plant, wastewater first flows through a controlled diversion structure located near the Ohio River. Excessive flow may travel through a horizontal self-cleaning bar screen and into a 48-inch pipe that discharges into the Ohio River.

Raw wastewater entering the plant through a 72" transmission main splits through two pneumatically-operated sluice gates that limit excessive flow into the plant. Flow next passes through the two mechanical bar screens which remove coarse materials. These screenings are hauled to a landfill site. After passing through an additional set of hydraulically-operated sluice gates, the wastewater enters the raw sewage wet well.

From the wet well, the four, variable speed, non-clog raw sewage pumps lift the wastewater to the aerated grit chambers. These pumps utilize a liquid rheostat flow matching system capable of varying each pump up to 12 MGD or up to 30 MGD total. The grit chambers are designed to remove grit consisting of sand, gravel, and other heavy inert inorganic particles in order to protect plant equipment from abrasion and increased wear. The grit is removed from the tanks for land disposal.

The degritted wastewater flows into the two primary settling tanks for the removal of sludge (settleable solids) and scum (floatable solids) from the wastewater flow, thereby reducing the load of solids to the activated sludge process. The primary treatment operations can always be maintained by emergency power generation equipment. The primary effluent from the overflow of the settling tanks flows to the activated sludge system. Flows in excess of 10 MGD are bypassed around the secondary treatment system to the chlorine contact tanks.

In the activated sludge process, an environment is created to promote the growth of biological life in a series of aeration tanks. These microorganisms feed upon and greatly reduce the amount of organic matter in the wastewater. Diffused air is added to satisfy the oxygen requirements of the biomass and to provide agitation to maintain the mixture in complete suspension. Flexibility has been provided to operate the aeration system in three different modes – conventional aeration, contact stabilization, and step feed aeration – to allow operation in the most effective manner.

Following aeration, the wastewater flows to the four final settling tanks or clarifiers where the microorganisms and suspended solids are removed by gravity settling. A portion of the settled activated sledges returned to the aeration tanks as return activated sludge. This sludge contains the active microorganisms which are returned to the system to feed on the incoming organics. Because the organisms grow and reproduce, excess sludge (waste activated sludge) must be removed from the system by being pumped from the settling tanks to either the primary settling tanks or the sludge thickeners.

Clarified final effluent flows into the final effluent channel and the chlorine contact tanks for disinfection. The flow finally passes through a Parshall flume, which measures the total plant flow, and is then discharged to the Ohio River. The wastewater treatment plant constitutes a Federal and State approved Pretreatment Program, with two significant industrial users. Effluent quality is analyzed by laboratory technicians which are certified by the West Virginia Department of Natural Resources. All treatment plant operations and collection division personnel are also state certified.

Management

A. King Campbell – Superintendent. As Superintendent, Mr. Campbell is responsible for the continuing management and operation of the Wastewater Treatment and Collection System, supervising over forty (40) employees within five divisions – collection, electric, operation, maintenance and PT/CSO. Mr. Campbell's duties range from plant management, equipment maintenance and effluent testing to budget preparation. Under his supervision the Water Pollution Control Department has received numerous citations, including the Operation and Maintenance Award of Excellence from the West Virginia Department of National Resources and a first place safety award from the West Virginia Water Pollution Control Association. A. King Campbell began his employment with the City of Wheeling at its Water Treatment Plant in 1970, began to perform certain wastewater treatment duties in 1977, and assumed his present position in 1982. Mr. Campbell holds a Class IV Public Water Supply Operator's Certificate from the West Virginia Department of Natural Resources, in addition to a Class IV Wastewater Treatment Operator's Certificate, Class I-C Collection System Operator's Certificate and a Wastewater Treatment Plant Laboratory Technician's Certificate. Mr. Campbell has attended classes, primarily Biology and Chemistry at both West Virginia University and West Liberty State College. Mr. Campbell has continued his education through periodic seminars and training programs and possesses certain certifications for the handling of hazardous waste materials. Mr. Campbell is also past president of the West Virginia chapter of the American Public Works Association and currently serves as a member of the Ohio River Valley Sanitation Commission's Publicly-Owned Treatment Works Advisory Committee.

Employees and Payroll

As of June 30, 2006, the City had 44 employees engaged in Sewerage System tasks. The Fiscal Year 2006 payroll is budgeted at $2,011,485.

Operations

The Wastewater Collection and Treatment System treated an average of 8.98 MGD in April, 2005, with daily averages during the peak month of January at 16.1 MGD. The effluent biological demand (BOD) averaged 13.0 milligrams per liter with an overall efficiency of 86.9 percent for the year. Suspended solids in the effluent averaged 8.0 milligrams per liter with an overall removal efficiency of 98.9 percent for the year.

The City currently operates under NPDES (WV0023230) permit issued by the West Virginia Department of Environmental Protection, Water Resources Section. The permit was issued June 9, 2006 and has an effective date of July 9, 2006 and expires August 10, 2010.

Within this new tiered permit, the secondary treatment flow limits will be 10 MGD with a total of 25 MGD receiving partial treatment to positively influence maximum treatment capacity of plant and reduce CSO effects to the receiving streams. The permit establishes traditional effluent limits on Ph, BOD, TSS, fecal coliform and ammonia with new limits on chlorine residual. The permit also established new requirements with a time schedule for compliance relating to CSO minimization and pretreatment program requirements.

The following table sets forth the System's treatment experience according to customer classes for fiscal year 2006:

Average Number of Sewer Customers

Fiscal Year	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
	13,083	13,186	13,362	13,413	13,422

Customer Class	Gallons Billed (000)	Number of Customers
Residential/Commercial	1,170,483	13,136
Industrial	14,638	45
Outside Communities	432,974	5

The City provides wastewater collection and treatment service under long-term contracts to three neighboring communities and the Ohio County Public Service District. Rates for such outside municipal corporations are set according to billing formulas approved by the United States Environmental Protection Agency. The communities, and their discharge and revenues for the fiscal year ended June 30, 2005 are:

	Avg MGD	Annual Revenues
Benwood	.18	105,075
Bethlehem (5 connections)	.31	176,466
Clearview	.05	30,800
Triadelphia	.29	150,145
Ohio County Public Serv. Dist. (8 connections)	.36	209,454
	1.19*	$671,940**

*Represents 13% of the System's total discharge for fiscal 2005.
**Represents 14% of the System's total operating revenues for fiscal 2005.

The ten largest users (not considering collection and treatment provided to neighboring communities) and their billings for the fiscal year 2006 were:

		Annual Discharge (000)	Annual Revenue
1.	Wheeling Hospital	53,706	69,999
2.	Ohio Valley Hospital	31,032	43,300
3.	Wheeling Downs	26,952	38,496
4.	Wheeling Linen	18,523	31,038
5.	Ziegenfelders	17,401	28,427
6.	Oglebay Park	13,752	22,366
7.	Niebergall Ice Co.	8,688	17,202
8.	Peterson Hospital	7,044	15,975
9.	North Park Associates	6,888	15,768
10.	Uwanta Linen	6,504	14,176
	TOTAL	190,490	296,747

Rates

The rates charged to users of the Sewerage System inside the City are detailed in the following table. These rates became effective on April 3, 2004, following Public Service Commission approval, and represent a 9.94% increase from previous rates. (the City had petitioned for a 38.23% increase; see "Combined Waterworks and Sewerage

System Operations – Rate Petitions" herein.) The rates will increase an additional 23.12% upon substantial completion of the Wastewater Collection and Treatment System Improvement Project – Phase I. The City anticipates that the Phase I Project will be completed in the fall of 2006.

PRE-CONSTRUCTION RATES

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$3.49
Next 90,000 used per month	3.39
Next 100,000 used per month	2.93
Over 200,000used per month	2.12

The Minimum Metered Rate is 5.54 per month; an Unmetered Flat Rate of $15.71 is also used. A Tap Inspection Fee of $25.00 is charged to new customers at the time of connection to the Sewerage System.

POST-CONSTRUCTION RATES

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$4.21
Next 90,000 used per month	4.05
Next 100,000used per month	3.91
Over 200,000used per month	2.56

The Minimum Metered Rate is 6.69 per month; an Unmetered Flat Rate of $18.95 is also used. A Tap Inspection Fee of $25.00 is charged to new customers at the time of connection to the Sewerage System.

Based upon current sewer rates in the city, the average monthly residential sewer bill in 2006 was approximately $15.71 for 4,500 gallons of water used. Comparable average monthly sewer rates for the same water usage for communities in the State are as follows:

Comparable Average Monthly Sewer Rates

Beckley	$30.16	Keyser	$25.98
Bethlehem	20.93	Lewisburg	25.47
Bluefield	30.92	Morgantown	37.50
Buchannon	24.75	Ohio Co. PSD	29.16
Charles Town	30.25	Parkersburg	30.19
Charleston	22.88	Petersburg	35.06
Clarksburg	19.95	Richwood	28.46
Clearview	21.00	Triadelphia	20.58
Fairmont	14.90	Weirton	14.78

Billing and Collection Experience

WATER

YEAR	BILLED	COLLECTED	%
2002	$3,451,588	$3,421,329	99.12%
2003	3,733,895	3,710,643	99.38%
2004	3,711,067	3,645,750	98.24%
2005	3,832,539	3,793,266	98.98%

SEWER

YEAR	BILLED	COLLECTED	%
2002	$3,617,541	$3,490,440	96.49%
2003	3,828,663	3,873,323	101.17%
2004	3,924,165	3,825,029	97.47%
2005	4,270,755	4,157,732	97.35%

Billing and Collection Procedures

All bills are issued, collected and processed by the City on a monthly basis and are due twenty (20) days after billing. Once an account is determined to be delinquent for two successive months, an arrears notice is sent advising that if the bill remains unpaid for five (5) days, service will be terminated. Upon the expiration of said period, service is terminated. Once terminated, service will not be restored until the payment of all past bills, a reconnection charge of twenty-five dollars and, in some instances, a new or additional security deposit.

Future Projects; Sewer

The Water Pollution Control Department is currently undertaking $16,000,000 worth of upgrades to the Waste Water Treatment Plant, the Warwood Pumpstation, significant cleaning of trunk lines, storm and sanitary sewer pipe separations and elimination of combined sewer overflows. Elimination of combined sewer overflows remains a priority of the Water Pollution Control Department and as such the Department will continue to significantly eliminate them over the next five years. Over the next five years there are no planned upgrades at the Water Treatment Plant as a result of the aforementioned project.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
COMBINED STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003, 2004, AND 2005
PROPRIETARY FUND TYPES

	2003			2004			2005		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
ASSETS:									
Cash	157,645.43	338,051.18	495,696.61	274,623.83	101,390.51	376,014.34	47,017.28	874,761.35	921,778.63
Receivables (net of allowance for uncollectibles):									
Accounts and taxes	501,297.16	628,981.48	1,130,278.64	532,623.30	742,408.59	1,275,031.89	553,173.15	751,126.10	1,304,299.25
Accrued interest	761.47	1,194.10	1,955.57	682.01	1,082.76	1,764.77	2,164.06	1,727.63	3,891.69
Grants Receivable	-	-	-	-	190,100.00	190,100.00			-
Due from other funds		7,742.55	7,742.55			-			-
Inventory of supplies, at cost	172,886.45	-	172,886.45	180,147.97	-	180,147.97	185,224.09	-	185,224.09
Restricted funds:				-	-		-	-	
Sinking fund	1,299,723.84	1,074,380.92	2,374,104.76	1,024,268.15	981,967.70	2,006,235.85	1,149,352.87	959,229.85	2,108,582.72
Depreciation fund	626,573.01	421,447.30	1,048,020.31	630,396.67	424,094.43	1,054,491.10	613,515.98	430,538.35	1,044,054.33
Construction fund	-	16,843.97	16,843.97	-	14,258.08	14,258.08	16,269.00	4,655.41	20,924.41
Maintenance fund	326,556.51	-	326,556.51	405,657.73	-	405,657.73	374,424.39	-	374,424.39
Design revenue fund	-	274,788.96	274,788.96	-	61,167.25	61,167.25	-	99,986.08	99,986.08
Utility plant:				-					
In service	37,040,106.12	50,996,500.84	88,036,606.96	37,768,262.36	51,455,376.67	89,223,639.03	38,140,803.24	52,653,302.92	90,794,106.16
Less: Allowance for depreciation	(17,319,474.12)	(28,233,927.25)	(45,553,401.37)	(18,215,413.96)	(29,399,416.51)	(47,614,830.47)	(19,099,541.98)	(30,368,048.79)	(49,467,590.77)
Construction work in progress	40,550.93	373,626.95	414,177.88	310,691.30	1,750,112.76	2,060,804.06	562,196.83	1,023,453.62	1,585,650.45
Unamortized debt discount and expense	941,026.36	582,680.99	1,523,707.35	880,541.80	556,444.39	1,436,986.19	805,093.97	569,571.70	1,374,665.67
Total assets	23,787,653.16	26,482,311.99	50,269,965.15	23,792,481.16	26,878,986.63	50,671,467.79	23,349,692.88	27,000,304.22	50,349,997.10
LIABILITIES:									
Accounts payable	42,549.91	58,536.84	101,086.75	206,730.00	337,133.08	543,863.08	67,864.97	101,174.33	169,039.30
Accrued payroll	32,827.74	28,330.39	61,158.13	50,505.55	43,722.51	94,228.06	55,807.71	50,341.88	106,149.59
Payroll withholdings and other accrued liabilities	112,794.16	95,951.75	208,745.91	114,080.26	105,025.02	219,105.28	123,355.02	107,209.18	230,564.20
Accrued interest payable	43,933.18	29,095.74	73,028.92	46,437.45	44,851.38	91,288.83	36,022.85	23,417.75	59,440.60
Deferred revenue	-	-	-	-	-	-	-	-	-
Current maturity of revenue bonds payable	766,150.00	403,850.99	1,170,000.99	710,950.00	494,050.00	1,205,000.00	759,691.13	537,324.04	1,297,015.17
Long-term revenue bonds payable	8,387,400.00	6,571,402.01	14,958,802.01	7,873,277.88	6,602,037.26	14,475,315.14	7,214,114.83	6,906,074.10	14,120,188.93
Capital lease payable - Current & Long-term	123,226.19	123,261.27	246,487.46	100,453.75	100,482.35	200,936.10	76,781.20	76,803.06	153,584.26
Due to other funds	7,742.55	-	7,742.55	-	677.86	677.86	43,735.00	284.66	44,019.66
Deposits	-	-	-	-		-	12,350.00	48,052.01	60,402.01
Total liabilities	9,516,623.73	7,310,428.99	16,827,052.72	9,102,434.89	7,727,979.46	16,830,414.35	8,389,722.71	7,850,681.01	16,240,403.72
NET ASSETS:									
Invested in capital assets (net of related debt)	10,484,406.74	16,037,686.27	26,522,093.01	11,178,858.07	14,859,390.55	26,038,248.62	11,552,870.93	15,788,506.55	27,341,377.48
Restricted for:									
Capital projects	626,573.01	438,291.27	1,064,864.28	630,396.67	438,352.51	1,068,749.18	629,784.98	435,193.76	1,064,978.74
Debt services	1,299,723.84	1,349,169.88	2,648,893.72	1,024,268.15	1,043,134.95	2,067,403.10	1,149,352.87	1,059,215.93	2,208,568.80
Other purposes	326,556.51	-	326,556.51	405,657.73	-	405,657.73	374,424.39	-	374,424.39
Unrestricted	1,533,769.33	1,346,735.58	2,880,504.91	1,450,865.65	2,810,129.16	4,260,994.81	1,253,537.00	1,866,706.97	3,120,243.97
Total net assets	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44	14,959,970.17	19,149,623.21	34,109,593.38
Total liabilities and net assets	23,787,653.16	26,482,311.99	50,269,965.15	23,792,481.16	26,878,986.63	50,671,467.79	23,349,692.88	27,000,304.22	50,349,997.10

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003, 2004, 2005

	2003			2004			2005		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
OPERATING REVENUES:									
Charges for services	3,080,584.06	3,354,419.95	6,435,004.01	3,084,133.77	3,340,194.81	6,424,328.58	3,150,355.24	3,570,555.77	6,720,911.01
Sales to other systems	653,310.73	495,699.34	1,149,010.07	626,933.31	583,970.98	1,210,904.29	682,183.85	700,200.45	1,382,384.30
Fire protection services	220,487.05	-	220,487.05	224,004.33	-	224,004.33	234,643.88	-	234,643.88
Billing and collection services	203,269.25	-	203,269.25	203,443.09	-	203,443.09	240,285.29	-	240,285.29
Miscellaneous	94,046.46	298,117.54	392,164.00	116,095.86	993,271.35	1,109,367.21	118,339.87	220,484.14	338,824.01
Total operating revenues	4,251,697.55	4,148,236.83	8,399,934.38	4,254,610.36	4,917,437.14	9,172,047.50	4,425,808.13	4,491,240.36	8,917,048.49
OPERATING EXPENSES:									
Pumping system	686,481.01	31,090.07	717,571.08	674,275.89	29,153.86	703,429.75	691,828.57	30,146.90	721,975.47
Collection system	-	678,182.25	678,182.25	-	682,461.71	682,461.71	-	731,661.07	731,661.07
Treatment and disposal	-	1,305,576.95	1,305,576.95	-	1,366,376.78	1,366,376.78	-	1,362,515.19	1,362,515.19
Other operating expenses	-	286,747.50	286,747.50	-	387,841.19	387,841.19	-	319,204.06	319,204.06
Purification system	417,564.91	-	417,564.91	455,817.79	-	455,817.79	406,213.72	-	406,213.72
Distribution system	779,511.39	-	779,511.39	759,691.67	-	759,691.67	893,328.43	-	893,328.43
Commercial	372,512.37	-	372,512.37	367,339.62	-	367,339.62	389,502.14	-	389,502.14
General and administrative	664,246.71	925,324.74	1,589,571.45	666,636.38	964,307.46	1,630,943.84	691,278.84	1,053,474.15	1,744,752.99
Depreciation	910,937.76	1,012,911.91	1,923,849.67	921,927.10	1,165,489.26	2,087,416.36	937,209.84	968,632.28	1,905,842.12
Total operating expenses	3,831,254.15	4,239,833.42	8,071,087.57	3,845,688.45	4,595,630.26	8,441,318.71	4,009,361.54	4,465,633.65	8,474,995.19
Operating income (loss)	420,443.40	(91,596.59)	328,846.81	408,921.91	321,806.88	730,728.79	416,446.59	25,606.71	442,053.30
OTHER INCOME:									
Contributions in aid of construction	320,325.19	-	320,325.19						
Interest earned - Sinking Fund	26,971.24	-	26,971.24	16,049.71	-	16,049.71	28,105.36	17,948.98	46,054.34
Interest earned - Other investments	13,525.90	23,920.87	37,446.77	8,417.45	13,533.08	21,950.53	19,448.57	8,664.43	28,113.00
Other	40,088.55	2,465.26	42,553.81	16,966.04	778.16	17,744.20	30,181.79	-	30,181.79
Total other income	400,910.88	26,386.13	427,297.01	41,433.20	14,311.24	55,744.44	77,735.72	26,613.41	104,349.13
OTHER DEDUCTIONS:									
Interest on long-term debt	573,612.19	377,963.76	951,575.95	553,327.82	399,066.32	952,394.14	531,143.25	388,669.98	919,813.23
Other	3,081.13	1,420.50	4,501.63	3,550.71	7,217.59	10,768.30	4,122.52	1,347.35	5,469.87
Total other deductions	576,693.32	379,384.26	956,077.58	556,878.53	406,283.91	963,162.44	535,265.77	390,017.33	925,283.10
Income (loss) before contributions and transfers	244,660.96	(444,594.72)	(199,933.76)	(106,523.42)	(70,165.79)	(176,689.21)	(41,083.46)	(337,797.21)	(378,880.67)
Capital contributions, grants				525,540.26	49,289.96	574,830.22	33,075.26	336,413.25	369,488.51
Capital contributions							277,932.10	-	277,932.10
Total net assets - beginning	14,026,368.47	19,616,477.72	33,642,846.19	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44
Total net assets - ending	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44	14,959,970.17	19,149,623.21	34,109,593.38

Employees Retirement and Benefit Fund

Employees of the Water Department and employees of the Water Pollution Control Department hired since 1982 participate in the City of Wheeling Employees' Retirement and Benefit Fund. Pursuant to Chapter 8, Article 22, Section 14 of the Code of West Virginia, 1931, as amended, the Treasurer of the City acts as custodian of this Fund. The City has not made any contributions to the City of Wheeling Employees' Retirement and Benefit Fund since 1996, as it is fully funded. Employees of the Water Pollution Control Department hired before 1982 participate in a separate fund, the Water Pollution Control Division Pension Plan, administered by an independent trustee. Annuity benefits are financed through employer and member contributions and the investment earnings on such contributions. By state law, the City is required to contribute to the fund annually an amount which, together with contributions from employees, will be sufficient to meet the normal cost of the fund including the cost of administration and amortize any actuarial deficiency over a period of not more than forty years. Historically, the City has contributed monthly an amount equal to 6.0% percent of its employee payroll for the preceding month; the following table summarizes the contributions made by the City to all Funds during each of the past five fiscal years. As of June 30, 2005, the Funds' contributions met or exceeded the statutory required contributions, so that no actuarial deficiency exists. Accordingly, the City has determined that no contributions are required during the current fiscal year.

WATER POLLUTION CONTROL DIVISION PENSION PLAN

	Fiscal Years Ended June 30,				
	2000	2001	2003	2004	2005
Employees Covered	15	15	13	13	13
Contribution Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Contributions	$29,468	$29,999	$28,184	$28,173	$30,322

Method of Accounting

The System operates day-to-day on a cash basis of accounting. For reporting purposes, in the Comprehensive Annual Financial Report of the City, the accounting records are converted to the accrual basis. The cash basis recognizes revenue when it is received and expenses when they are paid. The accrual basis recognizes revenue when it is earned and expenses in the period incurred.

Encumbrance accounting is utilized by the City in the normal course of operations for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. Encumbrances outstanding at year-end are treated as a reserve to the fund balance and are carried forward to the next fiscal year.

The accounting system provides for internal accounting controls designed to provide reasonable assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The information set forth in this Appendix B was provided by the City of Wheeling.

{C1118270.1}

APPENDIX C

FINANCIAL STATEMENTS OF THE CITY

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City of Wheeling – Water and W.P.C.D. Compilation Report

Financial Statements
Together with Accountant's Report
As of April 30, 2006

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

BODKIN WILSON & KOZICKI PLLC

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To the Mayor and City Council
of the City of Wheeling, West Virginia
City of Wheeling
Wheeling, WV

We have compiled the accompanying Statements of Net Assets – Proprietary Funds of the City of Wheeling – Water Department and Water Pollution Control Division as of April 30, 2006 and the related Statements of Revenues, Expenses, and Changes in Fund Net Assets and Statements of Cash Flows for the ten months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Water Department and Water Pollution Control Division's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Bodkin Wilson + Kozicki
PLLC

Wheeling, West Virginia,
July 13, 2006.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF NET ASSETS
APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
ASSETS:			
Current assets			
Cash	$ 175,744.55	$ 53,224.15	$ 228,968.70
Receivables (net of allowance for uncollectibles):			
Accounts and taxes	671,177.87	604,033.70	1,275,211.57
Accrued interest	759.98	-	759.98
Inventory of supplies, at cost	-	185,224.09	185,224.09
Total current assets	$ 847,682.40	$ 842,481.94	$ 1,690,164.34
Non-current assets			
Restricted funds:			
Sinking fund	$ 1,410,460.49	$ 1,653,909.63	$ 3,064,370.12
Depreciation fund	442,209.19	630,146.90	1,072,356.09
Construction fund	33,443.36	6,246.29	39,689.65
Maintenance fund	-	388,787.71	388,787.71
Design revenue sinking fund	97,008.35	-	97,008.35
Capital assets:			
Utility plant:			
In service	52,729,508.69	38,179,739.44	90,909,248.13
Less: Allowance for depreciation	(31,181,577.08)	(19,888,226.18)	(51,069,803.26)
Construction work in progress	10,001,430.29	792,356.23	10,793,786.52
Unamortized debt discount and expense	570,105.45	805,093.97	1,375,199.42
Total non-current assets	$ 34,102,588.74	$ 22,568,053.99	$ 56,670,642.73
Total assets	$ 34,950,271.14	$ 23,410,535.93	$ 58,360,807.07
LIABILITIES:			
Current liabilities			
Accounts payable	$ 116,724.98	$ 147,246.68	$ 263,971.66
Due to other funds	347.18	-	347.18
Accrued payroll	28,671.29	30,855.76	59,527.05
Payroll withholdings and other accrued liabilities	75,965.36	84,967.01	160,932.37
Accrued interest payable	137,192.75	199,743.13	336,935.88
Current maturity of revenue bonds payable	551,450.00	793,550.00	1,345,000.00
Current maturity of capital leases payable	25,588.20	25,580.92	51,169.12
Total current liabilities	$ 935,939.76	$ 1,281,943.50	$ 2,217,883.26
Non-current liabilities:			
Long-term revenue bonds payable	15,155,247.00	7,095,449.70	22,250,696.70
Long term maturity of capital leases payable	26,599.61	40,992.04	67,591.65
Deposits	44,095.31	-	44,095.31
Total non-current liabilities	$ 15,225,941.92	$ 7,136,441.74	$ 22,362,383.66
Total liabilities	$ 16,161,881.68	$ 8,418,385.24	$ 24,580,266.92
NET ASSETS:			
Invested in capital assets (net of related debt)	$ 15,790,477.09	$ 11,020,199.72	$ 26,810,676.81
Restricted for:			
Capital projects	475,652.55	636,393.19	1,112,045.74
Debt services	1,507,468.84	1,653,909.63	3,161,378.47
Other purposes	-	388,787.71	388,787.71
Unrestricted	$ 1,014,790.98	$ 1,292,860.44	$ 2,307,651.42
Total net assets	$ 18,788,389.46	$ 14,992,150.69	$ 33,780,540.15

See Accountant's Compilation Report.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE TEN MONTHS ENDED APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
OPERATING REVENUES:			
Charges for services	$ 2,947,553.52	$ 2,639,012.83	$ 5,586,566.35
Sales to other systems	427,590.26	536,931.39	964,521.65
Fire protection services	-	233,222.51	233,222.51
Billing and collection services	-	241,771.49	241,771.49
Miscellaneous	227,310.57	99,176.01	326,486.58
Total operating revenues	$ 3,602,454.35	$ 3,750,114.23	$ 7,352,568.58
OPERATING EXPENSES:			
Pumping system	$ 19,598.78	$ 579,579.01	$ 599,177.79
Collection system	645,817.73	-	645,817.73
Treatment and disposal	1,097,710.59	-	1,097,710.59
Other operating expenses	261,889.98	-	261,889.98
Purification system	-	387,584.35	387,584.35
Distribution system	-	804,143.08	804,143.08
Commercial	-	272,698.66	272,698.66
General and administrative	910,914.83	605,895.47	1,516,810.30
Depreciation	813,528.27	788,684.20	1,602,212.47
Total operating expenses	$ 3,749,460.18	$ 3,438,584.77	$ 7,188,044.95
Operating income (loss)	$ (147,005.83)	$ 311,529.46	$ 164,523.63
OTHER INCOME:			
Interest earned - Sinking Fund	$ 28,888.46	$ 39,137.50	$ 68,025.96
Interest earned - Other investments	12,641.34	28,490.72	41,132.06
Other	144.90	20,363.06	20,507.96
Total other income	$ 41,674.70	$ 87,991.28	$ 129,665.98
OTHER DEDUCTIONS:			
Interest on long-term debt	$ 257,317.24	$ 374,479.03	$ 631,796.27
Other	985.38	3,582.57	4,567.95
Total other deductions	$ 258,302.62	$ 378,061.60	$ 636,364.22
Income (loss) before contributions and transfers	$ (363,633.75)	$ 21,459.14	$ (342,174.61)
Capital contributions	2,400.00	10,721.38	13,121.38
Total net assets - beginning	19,149,623.21	14,959,970.17	34,109,593.38
Total net assets - ending	$ 18,788,389.46	$ 14,992,150.69	$ 33,780,540.15

See Accountant's Compilation Report.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE TEN MONTHS ENDED APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
Cash Flows from Operating Activities:			
Cash received from customers	$ 3,455,092.00	$ 3,577,179.53	$ 7,032,271.53
Cash received from miscellaneous	227,310.57	99,176.01	326,486.58
Cash paid to suppliers and employees	(2,977,786.12)	(2,677,593.82)	(5,655,379.94)
Net cash provided by operating activities	$ 704,616.45	$ 998,761.72	$ 1,703,378.17
Cash Flows from Noncapital Financing Activities			
Payments from (to) other funds	$ 62.52	$ -	$ 62.52
Net cash provided by noncapital financing activities	$ 62.52	$ -	$ 62.52
Cash Flows from Capital and Related Financing Activities:			
Payments on capital leases	$ (24,615.25)	$ (10,208.24)	$ (34,823.49)
Acquisition and construction of capital assets	(9,051,782.44)	(258,374.22)	(9,310,156.66)
Capital grants received	-	33,075.26	33,075.26
Interest paid on long-term debt and other	(144,527.60)	(214,341.32)	(358,868.92)
Proceeds derived from bond issuance	-	-	-
Retirement of long-term debt	8,263,298.86	(84,806.26)	8,178,492.60
Net cash used for capital and related financing activities	$ (957,626.43)	$ (534,654.78)	$ (1,492,281.21)
Cash Flows from Investing Activities:			
Interest income from restricted fund investments and other	42,642.35	67,628.22	110,270.57
Net cash provided by investing activities	$ 42,642.35	$ 67,628.22	$ 110,270.57
Net increase (decrease) in cash and restricted cash	$ (210,305.12)	$ 531,735.16	$ 321,430.04
Cash and restricted cash, July 1, 2004	2,369,171.04	2,200,579.52	4,569,750.56
Cash and restricted cash, June 30, 2005	$ 2,158,865.92	$ 2,732,314.68	$ 4,891,180.60
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:			
Net operating income (loss)	$ (147,005.83)	$ 311,529.46	$ 164,523.63
Adjustments to Reconcile Operating Income (Loss) to Depreciation	813,528.29	788,684.20	1,602,212.49
Changes in Assets and Liabilities -			
(Increase) decrease in receivables	74,924.00	(73,758.59)	1,165.41
(Increase) decrease in inventory	-	-	-
(Increase) decrease in container deposits and other assets	533.75	-	533.75
Increase (decrease) in accounts payable	15,550.65	35,646.71	51,197.36
Increase (decrease) in accrued and other liabilities	(52,914.41)	(63,339.96)	(116,254.37)
Net cash provided by operating activities	$ 704,616.45	$ 998,761.82	$ 1,703,378.27
Noncash Investing, Capital, and Financing Activities:			
Contributions of capital assets from others	$ 2,400.00	$ 10,721.38	$ 13,121.38

See Accountant's Compilation Report.

City of Wheeling
Wheeling, West Virginia

Financial Statements
Together with Auditor's Report
As of June 30, 2005

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

GOVERNMENTAL FUND TYPES

GENERAL FUND

SPECIAL REVENUE FUNDS

Coal Severance Tax
Community Development Block Grant
Consolidated Investment
Municipal Financial Stabilization
TIF Capital Project Fund

DEBT SERVICE FUND

PROPRIETARY FUND TYPE

ENTERPRISE FUNDS

Sewer
Water
Parking

COMPONENT UNIT

Wheeling Municipal Auditorium Board

FIDUCIARY FUND TYPES

TRUST FUNDS

Employees' Retirement and Benefit
Firemen's Pension or Relief
Policemen's Pension or Relief

AGENCY FUNDS

Public Debt
Home Program
Federal Income Tax and Social Security
Savings Bonds

CITY OF WHEELING
WHEELING, WEST VIRGINIA
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CITY OF WHEELING
WHEELING, WEST VIRGINIA
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CITY OF WHEELING
WHEELING, WEST VIRGINIA
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

ELECTIVE

MAYOR:	TERM
Nick Sparchane	07/01/04 to 06/30/08
COUNCIL MEMBERS:	
Gloria Delbrugge	07/01/04 to 06/30/08
Vernon Seals	07/01/04 to 06/30/08
Robert Henry	07/01/04 to 06/30/08
Brent Bush	07/01/04 to 06/30/08
Michael A. Nau	07/01/04 to 06/30/08
Barry D. Crow	07/01/04 to 06/30/08

APPOINTIVE

CITY MANAGER
Robert D. Herron

FINANCE DIRECTOR
Michael Klug

CITY SOLICITOR
Rosemary Humway-Warmuth

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
of the City of Wheeling, West Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheeling, West Virginia, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wheeling's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because of the inadequacy of accounting records at the Wheeling Municipal Auditorium Board (the discretely presented component unit) related to concession sales, we were unable to form an opinion regarding the amounts at which concession sales are recorded in the accompanying statement of activities.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had adequate records concerning concession sales been maintained for the Wheeling Municipal Auditorium Board, as described in the preceding paragraph, the financial statements, referred to above, present fairly, in all material respects, the financial position of the discretely presented component unit, as of June 30, 2005 and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wheeling, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2005, on our consideration of the City of Wheeling's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 4 through 20 and 63 through 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 of Wheeling's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Wheeling, West Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bostkin Wilson + Kozielski
PLLC

Wheeling, West Virginia,
December 30, 2005.

CITY OF WHEELING, WEST VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2005

This section of the City of Wheeling's (the City's) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the Independent Auditor's Report at the front of this report and the City's financial statements and notes following this section. As in the prior year, the City of Wheeling has prepared the financial statements based on the guidelines provided in Governmental Accounting Standards Board (GASB) Statement No. 34. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- GASB Statement No. 34 requires government-wide financial results to be reported on a full accrual basis compared to modified accrual basis. Full accrual measures resources on a long-term economic basis, whereas, modified accrual accounting measures near-term changes in resources.

- General Fund revenues exceeded budget by 5%, while expenses were only 96% of budget, resulting in a cash carryover of $2,169,265.36. Encumbered amount was $608,395.15; restricted cash was $911,262.76 for FEMA related expenses and due to other funds, resulting in an unencumbered balance of $649,607.45.

- Series 2005A Revenue Bonds ($14,500,000.00) were issued for the Wheeling Pollution Control Department (WPCD) to cover Phase 1 of a proposed 3-phase Capital Improvement project Part of these bond proceeds were used to payoff the Series 2003 Design Bonds.

- Operating revenue for WPCD was $4,491,240.36; which was an 8.7% decrease from the prior year, but 92% of budgeted revenues. Operating expenses were $4,465,633.65; which was a 2.8% decrease from the prior year, but 91% of budgeted expenses.

- Water Department was still in the "design phase" of its Capital Improvement project.

- Water's operating revenue was $4,425,808.13; this was a 4.0% increase over the prior year, but only 94% of budgeted revenues. Operating expenses were $4,009,361.54; this was a 4.3% increase over the prior year and 85% of budgeted expenses.

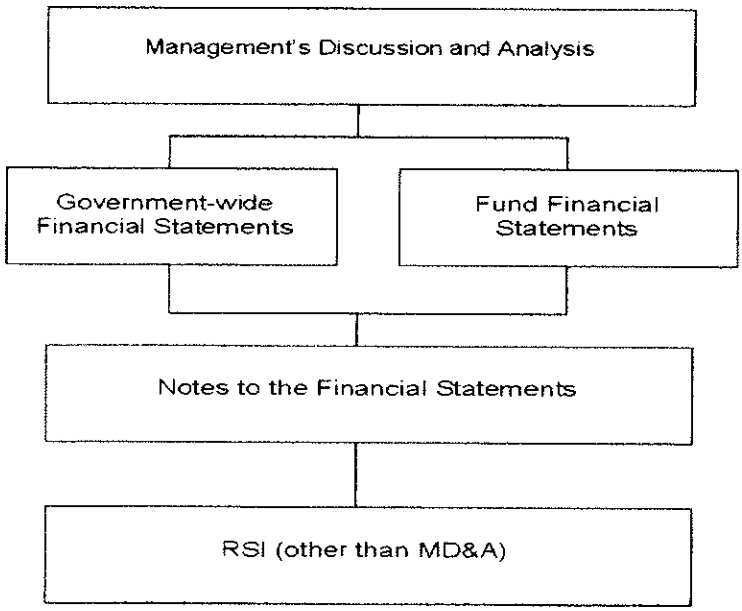
- A substantial portion of both Water and WPCD operating expenses (that caused budget overruns) can be attributed to cleanup after the September '04 and January '05 floods. Some of these expenses were reimbursed by FEMA.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Wheeling annual report consists of three parts - (1) The Introductory Section, which includes the Management Discussion and Analysis (this section). (2) The Basic Financial Statements Section, this section includes the Statement of Net Assets and Statement of Activities to report the City=s financial position on the government-wide basis of accounting. It also includes combining financial statements on the fund level of accounting and notes to the financial statements. (3) And Required Supplementary Information (RSI) that further explains and supports the information in the financial statements and Accompanying Information, which includes the Schedule of Federal Awards.

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability. Other non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure may need to be considered to assess the overall health of the City of Wheeling.

Required Components of the City of Wheeling's Financial Statements **Figure 1**



Government-wide financial statements. Government-wide financial statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of these costs through user fees and charges (*business-type activities).* The governmental activities of the City include general government, public safety, public works, health and welfare, and community development. The business-type activities of the City include sewer, solid waste and recycling, water works, economic development, and parking. The City includes one separate legal entity in its report – the Wheeling Municipal Auditorium Board (WesBanco Arena). Although legally separate, this "component unit" is important because the City is financially accountable for it and partly provides operational funding.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds in the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the City's basic services are included in government funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the governmental-wide financial statement, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the

government-wide financial statements. By doing so, readers may better understand the long-term impact of the government=s near-term financial decisions. Both the governmental fund balance sheet and the governmental fund, statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. - The City of Wheeling maintains three different proprietary funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wheeling uses enterprise funds to account for its Sewer, Water and Parking activities.

The proprietary funds financial statements can be found on pages 29-31 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the programs of the City. The fiduciary fund financial statement can be found on pages 32-33 of this report. Agency Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses agency funds to account for its Public Debt, Home Program, Federal Income Tax and Social Security, State Income Tax and Savings Bonds. The agency funds statement of net assets can be found on page 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide financial statements. The notes to the financial statements can be found on pages 35-56 of this report
Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. Required supplementary information can be found on pages 57-63 of this report

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wheeling, assets exceeded liabilities by $56,171,449.25 at the close of the fiscal year ending June 30, 2005 (Table 1 – Statement of Net Assets). Compared to $52,559,374.45 at the end of the previous fiscal year, representing an increase of $3,612,074.80. Most of this increase was invested in the City's capital assets.

The largest portion of Wheeling's net assets, 68.4 %, reflects its investment in capital assets (e.g. land, buildings, utility plants, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Wheeling, West Virginia
Statement of Net Assets
June 30, 2005 and 2004

Table 1

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	
Current and other assets	$ 15,351,803.98	$ 13,035,934.92	$ 4,007,627.70	$ 3,677,769.70	$ 19,359,431.68	$ 16,713,704.62	15.83%
Restricted assets	683,928.72	1,239,478.24	4,008,666.19	3,801,140.93	4,692,594.91	5,040,619.17	-6.90%
Capital assets	11,343,314.42	9,546,865.39	45,978,592.68	46,891,908.46	57,321,907.10	56,438,773.85	1.56%
Total assets	27,379,047.12	23,822,278.55	53,994,886.57	54,370,819.09	81,373,933.69	78,193,097.64	4.07%
Current and other liabilities	3,130,157.45	1,792,877.14	1,950,977.10	2,288,654.16	5,081,134.55	4,081,531.30	24.49%
Long-term liabilities	5,791,216.26	6,415,019.09	14,330,133.63	15,137,172.80	20,121,349.89	21,552,191.89	-6.64%
Total liabilities	8,921,373.71	8,207,896.23	16,281,110.73	17,425,826.96	25,202,484.44	25,633,723.19	-1.68%
Net assets:							
Invested in capital assets (net of related debt)	8,023,658.06	5,814,446.57	30,407,804.32	28,752,271.06	38,431,462.38	34,566,717.63	11.18%
Restricted net assets	683,928.72	1,239,478.24	4,008,666.19	3,801,140.93	4,692,594.91	5,040,619.17	-6.90%
Unrestricted net assets	9,141,691.48	8,422,099.00	3,297,305.33	4,391,580.14	12,438,996.81	12,813,679.14	-2.92%
Reserved for encumbrances	608,395.15	138,358.51			608,395.15	138,358.51	339.72%
Total net assets	$ 18,457,673.41	$ 15,614,382.32	$ 37,713,775.84	$ 36,944,992.13	$ 56,171,449.25	$ 52,559,374.45	6.87%

Another portion of the City's net assets, (8.4 %), represents restricted net assets which represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the City's net assets (23.2 %) represents unrestricted net assets which would be used for meeting the City's short and long-term obligations.

Governmental activities. Governmental activities increased the City's net assets by $1.8 million, compared to a decrease of $0.2 million in fiscal year 2004 (Table 2 – Statement of Governmental Activities). Fiscal year 2004 represented a more typical year with revenues and expenses closely aligned. Fiscal year 2005 contained several large Federal grants as well as additional B&O taxes due to several large construction projects.

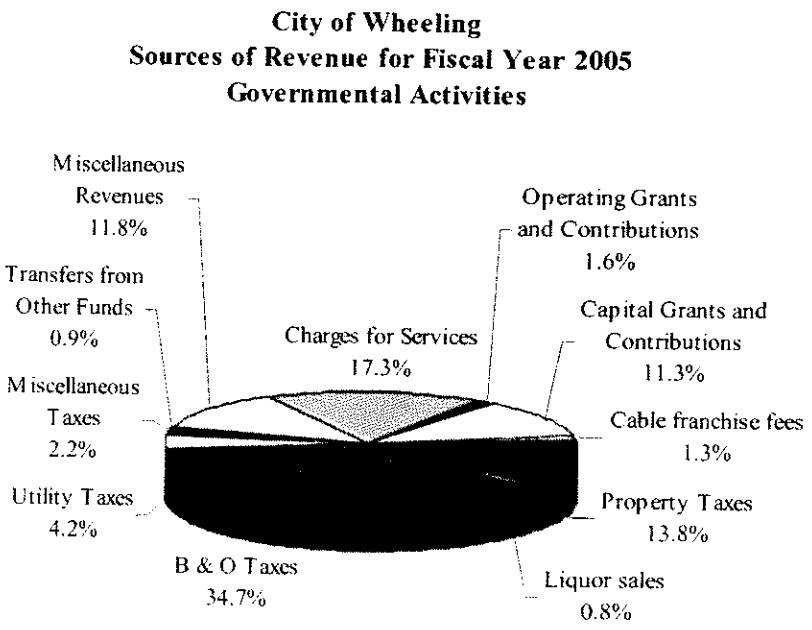
City of Wheeling, West Virginia
Statement of Activities – Governmental
June 30, 2005 and 2004

Table 2

	Governmental Activities		Percentage Change
	FY2005	FY2004	
Revenues:			
Program Revenues			
Charges for services	$ 4,813,774.70	$ 4,318,611.05	11.47%
Operating grants and contributions	443,145.68	839,899.12	-47.24%
Capital grants and contributions	3,146,717.91	2,188,000.00	43.82%
General Revenues			
Property taxes	3,833,409.72	3,633,226.84	5.51%
Business and occupation taxes	9,640,110.00	8,799,331.97	9.56%
Utility taxes	1,176,474.39	1,265,779.52	-7.06%
Cable franchise fee	372,110.78	350,341.38	6.21%
Liquor sales	229,712.45	242,343.36	-5.21%
Miscellaneous taxes	620,987.95	615,843.87	0.84%
Miscellaneous revenues	3,314,322.20	3,502,985.98	-5.39%
Unrestricted investment earnings	146,457.01	71,867.79	103.79%
Gain (loss) on sale of assets	(167,722.14)		
Transfers	240,000.00	240,000.00	0.00%
Total revenues	27,809,500.65	26,068,230.88	6.68%
Expenses:			
General government	5,853,438.69	6,731,733.27	-13.05%
Public safety	12,382,143.13	12,044,799.78	2.80%
Highways and streets	4,939,029.22	4,759,855.06	3.76%
Sanitation	1,364,891.71	1,268,398.02	7.61%
Culture and recreation	1,234,500.70	1,195,142.27	3.29%
Social services	63,417.33	56,379.05	12.48%
Debt service	134,800.62	175,400.55	-23.15%
Total expenses	25,972,221.40	26,231,708.00	-0.99%
Increase (decrease) in net assets	1,837,279.25	(163,477.12)	1023.88%
Net assets - beginning (as originally stated)	15,614,382.32	15,777,859.44	-1.04%
Prior period adjustment (Note 1(k))	1,006,011.84		
Net assets - beginning (restated)	16,620,394.16	15,777,859.44	5.34%
Net assets - ending	$18,457,673.41	$15,614,382.32	18.21%

Total revenues were $27.8 million. Three main areas represent 67.2 percent of total revenues. Approximately 14.1 percent of the City's revenues came from property taxes, 35.4 percent came from B&O taxes, and 17.7 percent came from charges for services (Chart 1 – Revenue by Source – Governmental Activities).

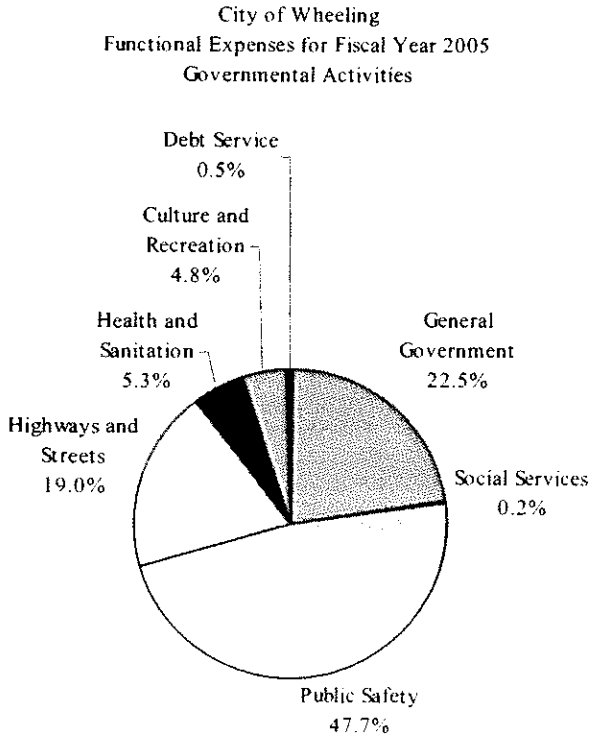
Revenue by Source – Governmental Activities **Chart 1**



Even though total revenues from governmental activities for FY2005 exceeded FY2004 revenues the sources of these revenues remained relatively the same on a percentage basis with the prior year.

The total cost of functions and programs was $26.0 million. A significant expense in the statement of activities, compared to the fund statements, is depreciation. Current year depreciation for governmental activities was $716,404.60 (Chart 2 – Expenses by Function).

Expenses by Function – Governmental Activities **Chart 2**



The City's expenses from governmental activities decreased by $259,486.60 in FY2005 but on a percentage basis functional expense were consistent with the prior year.

Business-type activities.

City of Wheeling, West Virginia
Statement of Activities - Business
June 30, 2005 and 2004

Table 3

	Business Activities		Percentage Change
	FY2005	FY2004	
Revenues:			
Program Revenues			
Charges for services			
Water	$ 4,425,808.13	$ 4,254,610.36	4.02%
Sewer	4,491,240.36	4,917,437.14	-8.67%
Parking	814,901.16	827,061.31	-1.47%
Capital grants and contributions	647,420.61	574,830.22	12.63%
General Revenues			
Miscellaneous revenues	30,181.79	17,744.20	70.09%
Unrestricted investment earnings	76,798.36	39,183.46	96.00%
Gain (loss) on sale of assets	487,451.69		
Transfers	(240,000.00)	(240,000.00)	0.00%
Total revenues	10,733,802.10	10,390,866.69	3.30%
Expenses:			
Water	4,544,627.31	4,402,566.98	3.23%
Sewer	4,855,650.98	5,001,914.17	-2.92%
Parking	564,740.10	560,145.21	0.82%
Total expenses	9,965,018.39	9,964,626.36	0.00%
Increase (decrease) in net assets	768,783.71	426,240.33	80.36%
Net assets - beginning	36,944,992.13	36,518,751.80	1.17%
Net assets - ending	$37,713,775.84	$36,944,992.13	2.08%

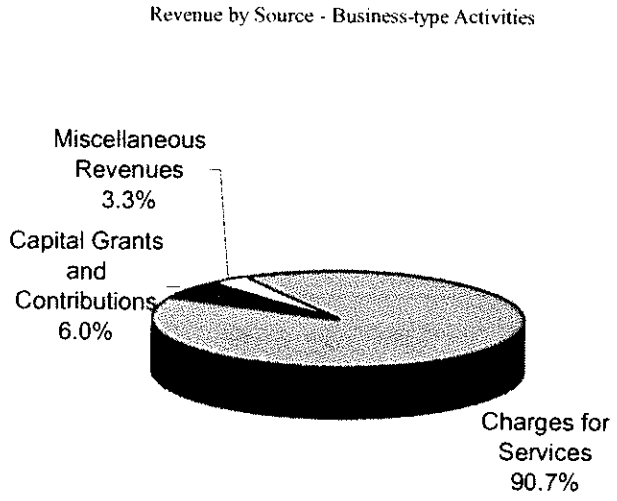
Business-type activities increased the City's net assets by $768,783.71.

Key elements of the increase are as follows:

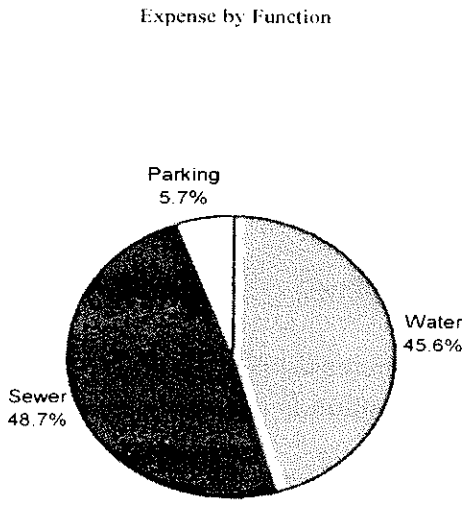
- Water department activities increased net assets by $269,423.90 but $277,932.10 of program revenues was contribution in aid of construction which is a non-cash revenue item.
- Sewer department decreased net assets by $1,383.96.
- Parking Authority had a gain on sale of $487,451.69 for forgiveness of a note payable in exchange for a parking lot (see Note 8 in the financial statements).

The percentage of miscellaneous revenues increased from 1% in the prior year to 3.3% in FY2005 due to FEMA grants to water and sewer to cover expenses by both departments during the two floods.

Revenue by Source – Business-type Activities **Chart 3**



Expenses by Function - Business **Chart 4**



Financial Analysis of the City's Funds

As noted earlier, the City of Wheeling uses fund accounting to insure compliance with finance related legal requirements.

Governmental Funds. The major fund types are the General, Coal Severance, and the Consolidated Investment Funds. The non-major types are combined in Other Governmental Funds and the Debt Service and Community Development Funds.

As of June 30, 2005, the City of Wheeling had its governmental funds reporting a total fund balance of $13.7 million. This is an increase of $1.6 million over the prior restated year end. The elements of this increase are as follows:

- The General Fund reported an increase of $0.9 million. This is only a minor change from the previous fiscal year.
- The Coal Severance Fund increased by $32,601.45 reflecting an increase of coal severance taxes being transferred from the State over prior year.
- The Consolidated Investment Fund and Other Governmental Funds showed increases of $202,807.82 and an increase of $434,122.71, respectively.

General Fund Budgetary Highlights

Over the course of the fiscal year, the City Council revised the City budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the fiscal year and reflect the actual beginning balances (verses the amounts estimated in February 2004 during the budget process). The second category includes changes that the Council made for specific additional expenditures which were covered by the City's contingency or additional revenues. Finally, Council approved several increases in appropriations to prevent budget overruns. Significant budget revisions included:

- $2,286,131.00 increase in Federal Grants due to Homeland Security grants of $550,000.00 which was split between fire and police departments and FEMA grants of $1,736,131.00 to offset the affects of two devastating floods.
- $400,000.00 increase in video lottery proceeds.
- $400,000.00 increase to Police and Fire pensions.

City of Wheeling, West Virginia
Summarized General Fund Highlights
For the year ended June 30, 2005

Table 4

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 14,284,117.00	$ 14,372,846.00	$ 15,340,422.06	$ 967,576.06
Licenses and permits	233,000.00	233,000.00	308,214.67	75,214.67
Intergovernmental	220,000.00	2,506,131.00	1,309,538.35	(1,196,592.65)
Charges for services	4,181,585.00	4,181,585.00	4,146,357.33	(35,227.67)
Fines and forfeits	345,200.00	345,200.00	359,202.70	14,002.70
Other	3,041,550.00	3,358,707.00	2,729,652.03	(629,054.97)
Total	22,305,452.00	24,997,469.00	24,193,387.14	(804,081.86)
Fund balance	100,000.00	1,585,389.00		(1,585,389.00)
Total revenue and fund balance	22,405,452.00	26,582,858.00	24,193,387.14	(2,389,470.86)
Expenditures				
General Government	2,825,173.00	4,886,548.00	5,102,261.97	(215,713.97)
Public Safety	12,048,124.00	13,153,056.00	12,789,457.32	363,598.68
Streets and maintenance	5,081,703.00	5,815,070.00	4,966,413.98	848,656.02
Health and sanitation	1,254,942.00	1,411,942.00	1,417,838.28	(5,896.28)
Culture and recreation	1,131,817.00	1,247,699.00	1,109,982.80	137,716.20
Social services	63,693.00	68,543.00	62,970.26	5,572.74
Total	22,405,452.00	26,582,858.00	25,448,924.61	1,133,933.39
Revenue over (under) expenditures	0.00	0.00	(1,255,537.47)	(1,255,537.47)
Other financing sources (uses)				
HUD loan repayment proceeds			2,050,000.00	2,050,000.00
Transfers in	1,000,000.00	1,000,000.00	1,650,668.12	650,668.12
Transfers out	(1,000,000.00)	(1,000,000.00)	(1,567,815.00)	(567,815.00)
Total other financing sources and (uses)	0.00	0.00	2,132,853.12	2,132,853.12
Fund Balance, June 30, 2004			5,933,966.97	
Fund Balance, June 30, 2005			$ 6,811,282.62	

The General Fund is the general operating checking account of the City of Wheeling. As of June 30, 2005 the checking account balance was $2,269,265.35, which is $2,169,265.35 greater than the budgeted carryover of $100,000.00. This budgeted carryover is necessary so the City may have the cash flow to pay payroll and invoices that will occur during the start of the new fiscal year and at other times of low cash flows and/or higher than usual cash payouts.

Revenues in the General Fund were similar to the prior year except for Intergovernmental. Intergovernmental revenue during FY2005 included Department of Homeland Security and FEMA grants which probably will not occur in future years to this degree.

City of Wheeling, West Virginia
Statement of General Fund - Revenue by Source
June 30, 2005 and 2004

Table 5

	FY 2005		FY 2004		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
Taxes	$ 15,340,422.06	58.45%	$ 15,072,966.24	65.70%	$ 267,455.82	1.77%
Licenses and Permits	308,214.67	1.17%	250,185.03	1.09%	58,029.64	23.19%
Intergovernmental	1,309,538.35	4.99%	172,889.51	0.75%	1,136,648.84	657.44%
Charges for Services	4,146,357.33	15.80%	4,327,960.30	18.87%	(181,602.97)	-4.20%
Fines and Forfeits	359,202.70	1.37%	293,919.92	1.28%	65,282.78	22.21%
HUD loan repayment proceeds	2,050,000.00	7.81%			2,050,000.00	
Other	2,729,652.03	10.40%	2,822,490.20	12.30%	(92,838.17)	-3.29%
Total Revenues	$ 26,243,387.14	100.00%	$ 22,940,411.20	100.00%	$ 3,302,975.94	14.40%

Consequently, expenditures were similar to the prior year except for General Government. This category contains the expenditures related to the floods occurring in September 2004 and January 2005 floods.

City of Wheeling, West Virginia
Statement of General Fund – Expenditures by Function
June 30, 2005 and 2004

Table 6

	FY 2005		FY 2004		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
General Government	$ 5,102,261.97	20.11%	$ 3,600,977.54	15.48%	$ 1,501,284.43	41.69%
Public Safety	12,789,457.32	50.42%	11,635,525.61	50.00%	1,153,931.71	9.92%
Streets and Maintenance	4,966,413.98	19.58%	4,641,580.16	19.95%	324,833.82	7.00%
Health and Sanitation	1,417,838.28	5.59%	1,195,269.80	5.14%	222,568.48	18.62%
Culture and Recreation	1,109,982.80	4.38%	1,095,732.65	4.71%	14,250.15	1.30%
Social Services	62,970.26	0.25%	53,065.13	0.23%	9,905.13	18.67%
Total Expenditures	25,448,924.61	100.33%	22,222,150.89	95.50%	3,226,773.72	14.52%
Net Transfers Out	(82,853.12)	-0.33%	1,047,044.36	4.50%	(1,129,897.48)	-53.88%
Total Expenditures and Other Financing Uses	$ 25,366,071.49	100.00%	$ 23,269,195.25	100.00%	$ 2,096,876.24	9.01%

Capital Assets and Debt

Capital Assets. The City of Wheeling's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to $57,050,971.08 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, utility plant, vehicle and equipment, and construction in progress. Infrastructure assets (bridges, streets, street lighting and traffic signals) will be included by June 30, 2007 as required by GASB Statement No. 34. The total increase in the City's investment in capital assets for the fiscal year ending June 30, 2005 was approximately 3% (a 10% increase for governmental activities and a 1% increase for business-type activities). Overall, net capital assets increased by $1.45 million over the previous fiscal year.

City of Wheeling, West Virginia
Statement of Capital Assets
(net of accumulated depreciation)
June 30, 2005 and 2004

Table 7

	Governmental Activities		Business-type Activities		Totals		Percentag
	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	Change
Land	$ 2,648,684.29	$ 2,539,195.10	$ 1,450,413.50	$ 1,450,413.50	$ 4,099,097.79	$ 3,989,608.60	2.74%
Land Improvements	34,720.98				34,720.98		
Parking Structures & Equipment			1,615,456.01	1,771,882.34	1,615,456.01	1,771,882.34	-8.83%
Utility plant			41,326,515.42	41,608,808.56	41,326,515.42	41,608,808.56	-0.68%
Building and improvements	4,409,231.17	2,732,778.77			4,409,231.17	2,732,778.77	61.35%
Vehicles and equipment	3,456,752.35	3,158,705.03			3,456,752.35	3,158,705.03	9.44%
Infrastructures	270,936.05						
Construction in progress	522,989.58	1,116,186.49	1,586,207.78	2,060,804.06	2,109,197.36	3,176,990.55	-33.61%
Total	$ 11,343,314.42	$ 9,546,865.39	$ 45,978,592.71	$ 46,891,908.46	$ 57,050,971.08	$ 56,438,773.85	1.08%

The City's capital assets are recorded at historical or estimated historical costs in the governmental-wide financial statements as required by GASB Statement No. 34. Construction in progress at fiscal year end 2004 has a 33.6% decrease as compared to the prior fiscal year. Governmental activities construction in progress includes Civic Center design work and Police Department communication and computer upgrades. A business-type activity, besides the normal construction in progress for water and sewer at fiscal year end, includes preliminary survey and investigation for the design work for the large capital improvement project.

Long-term debt. As of June 30 2005, the City of Wheeling had total long-term bonds outstanding of $18,127,204.10 compared to $19,143,588.54 in the prior fiscal year. Of this amount, $2,710,000.00 related to governmental activities and $15,417,203.84 related to business activities. In addition to bonded debt, the City had a HUD loan outstanding as of June 30, 2005 with a balance of $2,150,000.00.

City of Wheeling, West Virginia
Statement of Bond Indebtedness
June 30, 2005 and 2004

Table 8

	Balance 30-Jun-04	Additions	Maturities	Balance 30-Jun-05	Percentage Change
General Obligation Bonds					
Series 1975	$ 380,000.00		$ 185,000.00	$ 195,000.00	-48.68%
Series 2003	2,575,000.00		60,000.00	2,515,000.00	-2.33%
	2,955,000.00		245,000.00	2,710,000.00	-8.29%
Revenue Bonds					
Water and Sewer Series 1992A					
Water and Sewer Series 1997	14,200,000.00		1,205,000.00	12,995,000.00	-8.49%
Water and Sewer Design Series 2003	1,480,315.14	159,189.00	1,318,022.04	321,482.10	-78.28%
Sewer Revenue Series 2005		2,100,722.00		2,100,722.00	
	15,680,315.14	2,259,911.00	2,523,022.04	15,417,204.10	-1.68%
Other					
Note Payable Parking	508,273.40		508,273.40	0.00	-100.00%
	508,273.40		508,273.40	0.00	-100.00%
	$ 19,143,588.54	$ 2,259,911.00	$ 3,276,295.44	$ 18,127,204.10	-5.31%

State statutes limit the amount of general obligation debt a government may issue to 2.5 percent of its total assessed valuation of real property. The current limitation for the City of Wheeling is $19,541,901.00. This is significantly more than the City's current total outstanding general obligation bond debt.

The City maintained an "AAA" rating from Standard & Poor's and an "Aa1" rating from Moody's for its general obligation and revenue bonds debt for all of the fiscal year ending June 30, 2005. Additional information on the City's long-term debt can be found in Note 8 on pages 48-50 of this report.

V. Economic Factors and Next Year's Budget and Rates

The City of Wheeling, like most cities throughout the region, has had to deal with increasing costs and shrinking revenues. Health care costs for employees, liability insurance, higher fuel costs, wages, workers compensation, etc. have led to a very tight budget situation. However, the City of Wheelng's Administration and City Council have worked closely together to insure budget stability while continuing to provide quality public services to the citizens of Wheeling. To help accomplish that goal, the City Council has maintained a $1,000,000 Municipal Financial Stabilization Fund. The City has been aggressive in collecting the appropriate amounts of B&O Taxes from applicable businesses. The City Council adjusted ambulance rates to better reflect the costs of providing the service and in line with current "industry standards" and continues to monitor all fee schedules to insure competitiveness. Also revenue to the General Fund has been enhanced by the retirement of all debt for the City's parking system, in which $20,000 a month is now contributed to the General Fund from the parking system.

Overall the City is attempting to ensure that every possible revenue source is maximized in accordance with City policy, ordinances or state code to ensure that all citizens and businesses are treated fairly.

The City's elected and appointed officials considered many factors when setting the fiscal year 2005-06 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The unemployment rate for the City of Wheeling at the end of November, 2005, as released by the WV Bureau of Employment Programs, is 4.0%. The rate is below the states' rate of 4.5% and the national rate of 5.0%. Several economic development projects have been completed or are under construction in and around the City of Wheeling and these contributed to the lower unemployment rate. These projects included 2 additional industrial companies in the Peninsula Industrial Park; the now completed $68 million expansion at the Wheeling Island Racetrack and Gaming Center, which created 400 new jobs; the opening of the Orrick Information Center, creating 200 new jobs; the construction of the Federal Courthouse expansion and many more small business expansions. In the last 3 years over 65 new businesses have opened in the City of Wheeling. In addition, in August, 2004 a Cabala's Outdoor Super Store opened along with a distribution center just outside the City limits in Ohio County. This project, as well as development around it, will create over 1,500 new jobs for the Wheeling area. For the future, a major retail center is planned for the Center Wheeling area that will create over 500,000 square feet of retail/commercial space and create over 700 new jobs. The first phase of this project is completed as a 166,000 square foot Lowe's Home Improvement Center opened in December, 2005. Additionally, the City was successful in creating a Tax Increment Finance District involving the downtown, the Industrial Park, Center wheeling and parts of South Wheeling and Wheeling Island that will provide funding for economic development projects within the district. In September, 2004, the City was the first in the State of West Virginia to receive project approval from the State's Development Office for a Tax Increment Financing Project that includes the renovation of the "Stone's Building" in downtown Wheeling. Tax Increment Financing Bonds have been sold for this project with construction slated for completion in April, 2006. In addition, the West Virginia Northern

Community College received funding for their College Square Project which began construction of this $8,000,000 project in January, 2005 with completion scheduled in time for the fall, 2006 semester.

An ongoing challenge to this and future budgets are the unfunded liabilities in the Policemen's and Firemen's Pension and Relief Funds. Currently the Municipal Employee's Retirement and Benefit Fund is over funded. As of July 1, 2004 (the date of the most current actuarial report) the policemen's pension was 17% funded and the firemen's pension was 16% funded (see Note 7 in the financial statements and Defined Benefit Pension Trusts – Required Supplementary Information on pages 57-59). These funded ratios have increased over the last several years and are estimated to be 21% for policemen's and 20% for firemen's pensions as of July 1, 2005, with the municipal employee's pension remaining over funded.

VI. Request for Information.

This financial report is designed to provide a general overview of the City of Wheelng's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Financial Director at the City of Wheeling, 1500 Chapline Street, Room 109, Wheeling, WV 26003.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wheeling Municipal Auditorium Board
ASSETS				
Cash and cash equivalents	$ 8,879,062.93	$ 1,177,488.62	$ 10,056,551.55	$ 114,865.66
Investments	-	-	-	347,025.00
Receivables (net of allowance)	5,808,721.39	1,331,253.98	7,139,975.37	50,775.61
Internal balances	64,019.66	(64,019.66)	-	-
Inventories	-	185,224.09	185,224.09	20,130.78
Prepaids	600,000.00	3,015.00	603,015.00	8,250.00
Unamortized debt discount and expense	-	1,374,665.67	1,374,665.67	-
Other assets	-	-	-	62,185.74
Restricted assets:				
Restricted funds				
Restricted Debt Service & TIF	683,928.72	-	683,928.72	-
Sinking fund	-	2,108,582.72	2,108,582.72	-
Depreciation fund	-	1,044,054.33	1,044,054.33	-
Construction fund	-	20,924.41	20,924.41	-
Maintenance fund	-	374,424.39	374,424.39	-
Renewal and replacement fund	-	360,694.26	360,694.26	-
Design revenue fund	-	99,986.08	99,986.08	-
Capital Assets (Net of Accumulated depreciation):				
Land and land improvements	2,683,405.27	1,450,413.50	4,133,818.77	-
Infrastructure	270,936.05	-	270,936.05	-
Parking structures and equipment	-	1,615,456.01	1,615,456.01	-
Utility plant, in service	-	41,326,515.39	41,326,515.39	-
Buildings and improvements	4,409,231.17	-	4,409,231.17	1,394,451.80
Vehicles and equipment	3,456,752.35	-	3,456,752.35	52,585.33
Construction in progress	522,989.58	1,586,207.78	2,109,197.36	-
Total assets	$ 27,379,047.12	$ 53,994,886.57	$ 81,373,933.69	$ 2,050,269.92

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wheeling Municipal Auditorium Board
LIABILITIES				
Accounts Payable	$ 410,888.13	$ 183,396.73	$ 594,284.86	$ 70,176.62
Accrued payroll and other accrued liabilities	1,110,536.89	353,016.11	1,463,553.00	46,253.07
Current maturity of capital leases payable	252,062.58	49,223.49	301,286.07	-
Current maturity of bonds payable	255,000.00	1,297,015.17	1,552,015.17	-
Current maturity of note payable	100,000.00	-	100,000.00	-
Accrued interest payable	13,062.96	59,440.60	72,503.56	-
Deferred revenue	988,606.89	8,885.00	997,491.89	61,288.40
Deposit and allowance for painting	-	105,583.93	105,583.93	-
Estimated liability for landfill closure	928,622.48	-	928,622.48	-
Long term maturity of capital leases payable	357,593.78	104,360.77	461,954.55	-
Long term maturity of bonds payable	2,455,000.00	14,120,188.93	16,575,188.93	-
Long term maturity of note payable	2,050,000.00	-	2,050,000.00	-
Total liabilities	$ 8,921,373.71	$ 16,281,110.73	$ 25,202,484.44	$ 177,718.09
NET ASSETS				
Invested in capital assets (Net of related debt)	$ 8,023,658.06	$ 30,407,804.32	$ 38,431,462.38	$ 1,447,037.13
Restricted for:				
Capital projects	-	1,064,978.74	1,064,978.74	-
Debt service	683,928.72	2,208,568.80	2,892,497.52	-
Other purposes	-	735,118.65	735,118.65	-
Unrestricted	9,141,691.48	3,297,305.33	12,438,996.81	425,514.70
Reserved for encumbrances	608,395.15	-	608,395.15	-
Total net assets	$ 18,457,673.41	$ 37,713,775.84	$ 56,171,449.25	$ 1,872,551.83

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Wheeling Municipal Auditorium Board
Primary government:								
Governmental activities:								
General government	$ 5,853,438.69	$ 308,214.67	$ 141,728.51	$ 2,420,652.07	$ (2,982,843.44)	$ -	$ (2,982,843.44)	-
Public safety	12,382,143.13	3,083,055.83	301,417.17	525,243.91	(8,472,426.22)	-	(8,472,426.22)	-
Highways and streets	4,939,029.22	-	-	-	(4,939,029.22)	-	(4,939,029.22)	-
Health and sanitation	1,364,891.71	1,422,504.20	-	-	57,612.49	-	57,612.49	-
Culture and recreation	1,234,500.70	-	-	200,821.93	(1,033,678.77)	-	(1,033,678.77)	-
Social services	63,417.33	-	-	-	(63,417.33)	-	(63,417.33)	-
Debt service	134,800.62	-	-	-	(134,800.62)		(134,800.62)	-
Total governmental activities	$ 25,972,221.40	$ 4,813,774.70	$ 443,145.68	$ 3,146,717.91	$ (17,568,583.11)	$ -	$ (17,568,583.11)	$ -
Business-type activities:								
Water	$ 4,544,627.31	4,425,808.13	-	311,007.36	-	192,188.18	192,188.18	-
Sewer	4,855,650.98	4,491,240.36	-	336,413.25	-	(27,997.37)	(27,997.37)	-
Parking	564,740.10	814,901.16	-	-	-	250,161.06	250,161.06	-
Total business-type activities	9,965,018.39	9,731,949.65	-	647,420.61	-	414,351.87	414,351.87	-
Total primary government	$ 35,937,239.79	$ 14,545,724.35	$ 443,145.68	$ 3,146,717.91	$ (17,568,583.11)	$ 414,351.87	$ (17,154,231.24)	$ -
Component Unit:								
Municipal Auditorium Board	$ 1,685,718.63	$ 1,412,332.78	$ -	$ -	$ -	$ -	$ -	$ (273,385.85)
Total component unit	$ 1,685,718.63	$ 1,412,332.78	$ -	$ -	$ -	$ -	$ -	$ (273,385.85)
General Revenues:								
Property taxes					$ 3,833,409.72	$ -	$ 3,833,409.72	-
Business and occupation taxes					9,640,110.00	-	9,640,110.00	-
Utility taxes					1,176,474.39	-	1,176,474.39	-
Cable franchise fee					372,110.78	-	372,110.78	-
Liquor sales					229,712.45	-	229,712.45	-
Miscellaneous taxes					620,987.95	-	620,987.95	-
Miscellaneous revenues					3,314,322.20	30,181.79	3,344,503.99	47,607.91
Unrestricted investment earnings					146,457.01	76,798.36	223,255.37	6,702.85
Gain (loss) on sale of assets					(167,722.14)	487,451.69	319,729.55	-
Subsidy					-	-	-	200,799.69
Transfers					240,000.00	(240,000.00)	-	-
Total general revenues and transfers					$ 19,405,862.36	$ 354,431.84	$ 19,760,294.20	$ 255,110.45
Changes in net assets					1,837,279.25	768,783.71	2,606,062.96	(18,275.40)
Net assets- beginning, as originally stated					$ 15,614,382.32	$ 36,944,992.13	$ 52,559,374.45	$ 1,890,827.23
Prior period adjustment (Note 1(k))					$ 1,006,011.84	$ -	$ 1,006,011.84	$ -
Net assets- beginning, as restated					$ 16,620,394.16	$ 36,944,992.13	$ 53,565,386.29	$ -
Net assets- ending					$ 18,457,673.41	$ 37,713,775.84	$ 56,171,449.25	$ 1,872,551.83

The notes to the financial statements are an integral part of this statement.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

	GOVERNMENTAL FUND TYPES				
	General Fund	Coal Severence Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	$ 4,502,578.08	$ 149,449.52	$ 3,038,730.03	$ 1,474,240.72	$ 9,164,998.35
Cash with fiscal agent	-	-	-	397,993.30	397,993.30
Receivables (net of allowance for uncollectibles):					
Accounts and taxes	3,817,157.26	-	94,107.73	10,737.91	3,922,002.90
Charges for services and other	759,223.80	-	-	-	759,223.80
Loans receivable (net)	-	-	-	1,127,494.69	1,127,494.69
Due from other funds	97,299.37	-	117,091.00	-	214,390.37
Prepaids			300,000.00	300,000.00	600,000.00
Total assets	$ 9,176,258.51	$ 149,449.52	$ 3,549,928.76	$ 3,310,466.62	$ 16,186,103.41
LIABILITIES:					
Accounts payable	$ 414,891.83	$ -	$ 39,725.30	$ -	$ 454,617.13
Accrued payroll	376,035.80	-	-	-	376,035.80
Payroll withholdings and other accrued liabilities	114,922.26	-	-	-	114,922.26
Deferred revenue	1,435,270.00	-	-	8,356.45	1,443,626.45
Due to other funds	23,856.00	60,335.00	-	66,179.71	150,370.71
Total liabilities	$ 2,364,975.89	$ 60,335.00	$ 39,725.30	$ 74,536.16	$ 2,539,572.35
FUND EQUITY:					
Fund Balance					
Unreserved reported in:					
General Fund	$ 6,202,887.47	$ -	$ -	$ -	$ 6,202,887.47
Special revenue funds	-	89,114.52	3,510,203.46	2,552,001.74	6,151,319.72
Reserved for:					
Debt Service	-	-	-	683,928.72	683,928.72
Encumbrances	608,395.15	-	-	-	608,395.15
Total fund equity	$ 6,811,282.62	$ 89,114.52	$ 3,510,203.46	$ 3,235,930.46	13,646,531.06
Total liabilities and fund equity	$ 9,176,258.51	$ 149,449.52	$ 3,549,928.76	$ 3,310,466.62	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental actitivites are not financial resources and, therefore, are not reported in the funds.	$ 11,343,314.42
Other long term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	455,019.56
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(6,987,191.63)
Net assets of governmental activities	$ 18,457,673.41

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes -					
General property	$ 3,341,339.50	$ -	$ -	$ 439,808.64	$ 3,781,148.14
Utilities	1,171,370.54	-	-	-	1,171,370.54
Business and Occupation Tax	9,614,279.81	-	-	-	9,614,279.81
Liquor sales	220,333.48	-	-	-	220,333.48
Amusement	17,222.81	-	-	-	17,222.81
Cable franchise fee	372,110.78	-	-	-	372,110.78
Miscellaneous	603,765.14	-	-	-	603,765.14
Total taxes	$ 15,340,422.06	$ -	$ -	$ 439,808.64	$ 15,780,230.70
Licenses and permits -					
Business licenses	$ 101,666.13	$ -	$ -	$ -	$ 101,666.13
Private club licenses	48,550.00	-	-	-	48,550.00
Insurance licenses	17,102.00	-	-	-	17,102.00
Building permits	124,106.24	-	-	-	124,106.24
Other permits and inspection fees	16,790.30	-	-	-	16,790.30
Total licenses and permits	$ 308,214.67	$ -	$ -	$ -	$ 308,214.67
Intergovernmental -					
Federal government	$ 1,115,625.33	$ -	$ 502,239.10	$ 1,645,000.00	$ 3,262,864.43
State government	193,913.02	87,703.75	65,000.00	-	346,616.77
County government	-	-	-	-	-
Total intergovernmental	$ 1,309,538.35	$ 87,703.75	$ 567,239.10	$ 1,645,000.00	$ 3,609,481.20
Charges for services -					
Fire service	$ 2,068,167.47	$ -	$ -	$ -	$ 2,068,167.47
Sanitation fees	1,422,504.20	-	-	-	1,422,504.20
Ambulance service	655,685.66	-	-	-	655,685.66
Total charges for services	$ 4,146,357.33	$ -	$ -	$ -	$ 4,146,357.33
Fines and forfeits	$ 359,202.70	$ -	$ -	$ -	$ 359,202.70
Miscellaneous revenue -					
Charges to other funds	$ 88,243.24	$ -	$ -	$ -	$ 88,243.24
Parking meters	257,238.97	-	-	-	257,238.97
Encroachment fees	-	-	-	-	-
Interest	70,813.04	693.86	52,782.91	22,167.20	146,457.01
Other	2,313,356.78	-	447,115.35	64,957.71	2,825,429.84
Total miscellaneous revenue	$ 2,729,652.03	$ 693.86	$ 499,898.26	$ 87,124.91	$ 3,317,369.06
Total revenue	$ 24,193,387.14	$ 88,397.61	$ 1,067,137.36	$ 2,171,933.55	$ 27,520,855.66

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:					
General Government -					
Finance department	$ 2,204,390.81	$ -	$ 1,314,615.25	$ 70.43	$ 3,519,076.49
City clerk's office	53,656.22	-	-	-	53,656.22
City manager's office	345,970.46	55,796.16	-	-	401,766.62
Department of development	504,939.53	-	-	1,064,800.96	1,569,740.49
Planning and zoning	-	-	-	-	-
Engineering	140,943.31	-	-	-	140,943.31
Personnel office	210,706.87	-	-	-	210,706.87
Market house	124,271.53	-	-	-	124,271.53
Capital projects	1,187,952.95	-	-	-	1,187,952.95
City Attorney	125,021.27	-	-	-	125,021.27
Mayor and City Council	78,547.62	-	-	-	78,547.62
Police judges office	111,444.16	-	-	-	111,444.16
Capital outlays	14,417.24				14,417.24
Total general government	$ 5,102,261.97	$ 55,796.16	$ 1,314,615.25	$ 1,064,871.39	$ 7,537,544.77
Public Safety -					
Fire department	$ 6,261,268.65	$ -	$ -	$ -	$ 6,261,268.65
Police department	5,404,555.17	-	-	-	5,404,555.17
Central dispatch	543,975.66	-	-	-	543,975.66
Capital outlays of equipment	579,657.84	-	-	-	579,657.84
Total public safety	$ 12,789,457.32	$ -	$ -	$ -	$ 12,789,457.32
Streets and maintenance -					
Building and grounds	$ -	$ -	$ -	$ -	$ -
Cemetery maintenance	-	-	-	-	-
Public transportation	691,110.13	-	-	-	691,110.13
Electric department	-	-	-	-	-
Central garage	714,990.18	-	-	-	714,990.18
Street department	3,401,590.54	-	-	-	3,401,590.54
Capital outlays of equipment	158,723.13	-	-	-	158,723.13
Total streets and maintenance	$ 4,966,413.98	$ -	$ -	$ -	$ 4,966,413.98
Health and sanitation					
Recycling center	$ 214,768.23	$ -	$ -	$ -	$ 214,768.23
Garbage department	1,203,070.05	-	-	-	1,203,070.05
Inspection department	-	-	-	-	-
Total sanitation department	$ 1,417,838.28	$ -	$ -	$ -	$ 1,417,838.28
Culture and recreation					
Parks	$ 289,141.82	$ -	$ -	$ -	$ 289,141.82
Visitors bureau	223,015.27	-	-	-	223,015.27
Playgrounds	315,224.69	-	-	-	315,224.69
Civic center	209,687.83	-	-	-	209,687.83
Recreation department	72,913.19			-	72,913.19
Total culture and recreation	$ 1,109,982.80	$ -	$ -	$ -	$ 1,109,982.80

(Continued)

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES (Continued):					
Social Services					
Human Services/Affirmative Action	$ 62,970.26	$ -	$ -	$ -	$ 62,970.26
Total Social Services	$ 62,970.26	$ -	$ -	$ -	$ 62,970.26
Debt service -					
Principal retirement	$ -	$ -	$ -	$ 245,000.00	$ 245,000.00
Interest and fiscal charges	-	-	-	134,800.62	134,800.62
Total debt service	$ -	$ -	$ -	379,800.62	$ 379,800.62
Total expenditures	$ 25,448,924.61	$ 55,796.16	$ 1,314,615.25	1,444,672.01	$ 28,264,008.03
Revenue over (under) expenditures before transfers	$ (1,255,537.47)	$ 32,601.45	$ (247,477.89)	727,261.54	$ (743,152.37)
OTHER FINANCING SOURCES (USES):					
Proceeds from HUD Loan Repayment	2,050,000.00	-	-	-	2,050,000.00
Transfers in	1,650,668.12	-	567,815.00	1,000,000.00	3,218,483.12
Transfers out	(1,567,815.00)	-	(117,529.29)	(1,293,138.83)	(2,978,483.12)
Total other financing sources and uses	2,132,853.12	-	450,285.71	(293,138.83)	2,290,000.00
Net change in fund balances	877,315.65	32,601.45	202,807.82	434,122.71	1,546,847.63
FUND BALANCE, JUNE 30, 2004, as originally stated	5,933,966.97	56,513.07	2,378,773.16	1,795,795.91	10,165,049.11
Prior Period Adjustment (Note 1 (k))	-	-	928,622.48	1,006,011.84	1,934,634.32
FUND BALANCE, JUNE 30, 2004, as restated	5,933,966.97	56,513.07	3,307,395.64	2,801,807.75	12,099,683.43
FUND BALANCE, JUNE 30, 2005	$ 6,811,282.62	$ 89,114.52	$ 3,510,203.46	3,235,930.46	$ 13,646,531.06

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances-total governmental funds	$ 1,546,847.63
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 outlays of $2,704,283.77 exceeded depreciation of $716,404.60 in the current period.	1,987,879.17
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, capital leases, and donations if any) is to decrease net assets.	(23,667.68)
The repayment of a principal portion of long-term debt is reported as an expenditure in governmental funds. However, in the statement of activities the payment represents a reduction to the government's general debt.	245,000.00
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.	(114,661.58)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	245,881.71
The repayment of a long-term receivable is reported as a revenue in governmental funds. However, in the government-wide financial statements the proceeds represent a reduction to the government's receivable.	(2,050,000.00)
Change in net assets of governmental activities	$ 1,837,279.25

The notes to the financial statements are an integral part of this statement.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	PROPRIETARY FUND TYPES			Total
	Sewer Fund	Water Fund	Parking Fund	Current Year
ASSETS:				
Current assets				
Cash	$ 874,761.35	$ 47,017.28	$ 255,709.99	$ 1,177,488.62
Receivables (net of allowance for uncollectibles):				
Accounts and taxes	751,126.10	553,173.15	22,804.40	1,327,103.65
Accrued interest	1,727.63	2,164.06	258.64	4,150.33
Inventory of supplies, at cost	-	185,224.09	-	185,224.09
Prepaid expenses	-	-	3,015.00	3,015.00
Total current assets	$ 1,627,615.08	$ 787,578.58	$ 281,788.03	$ 2,696,981.69
Non-current assets				
Restricted funds:				
Sinking fund	$ 959,229.85	$ 1,149,352.87	$ -	$ 2,108,582.72
Depreciation fund	430,538.35	613,515.98	-	1,044,054.33
Construction fund	4,655.41	16,269.00	-	20,924.41
Maintenance fund	-	374,424.39	-	374,424.39
Renewal and replacement fund	-	-	360,694.26	360,694.26
Design revenue fund	99,986.08	-	-	99,986.08
Capital assets:				
Land	-	-	1,450,413.50	1,450,413.50
Structures, improvements, parking lots and equipment	-	-	5,816,884.02	5,816,884.02
Less: Allowance for depreciation	-	-	(4,201,428.01)	(4,201,428.01)
Utility plant:				
In service	52,653,302.92	38,140,803.24	-	90,794,106.16
Less: Allowance for depreciation	(30,368,048.79)	(19,099,541.98)	-	(49,467,590.77)
Construction work in progress	1,023,453.62	562,196.83	557.33	1,586,207.78
Unamortized debt discount and expense	569,571.70	805,093.97		1,374,665.67
Total non-current assets	$ 25,372,689.14	$ 22,562,114.30	$ 3,427,121.10	$ 51,361,924.54
Total assets	$ 27,000,304.22	$ 23,349,692.88	$ 3,708,909.13	$ 54,058,906.23
LIABILITIES:				
Current liabilities				
Accounts payable	$ 101,174.33	$ 67,864.97	$ 14,357.43	$ 183,396.73
Due to other funds	284.66	43,735.00	20,000.00	64,019.66
Accrued payroll	50,341.88	55,807.71	4,326.69	110,476.28
Payroll withholdings and other accrued liabilities	107,209.18	123,355.02	11,975.63	242,539.83
Accrued interest payable	23,417.75	36,022.85	-	59,440.60
Deferred revenue	-	-	8,885.00	8,885.00
Current maturity of revenue bonds payable	537,324.04	759,691.13	-	1,297,015.17
Current maturity of capital leases payable	24,615.25	24,608.24	-	49,223.49
Total current liabilities	$ 844,367.09	$ 1,111,084.92	$ 59,544.75	$ 2,014,996.76
Non-current liabilities:				
Long-term revenue bonds payable	6,906,074.10	7,214,114.83	-	14,120,188.93
Long term maturity of capital leases payable	52,187.81	52,172.96	-	104,360.77
Allowance for painting and sealant	-	-	45,181.92	45,181.92
Deposits	48,052.01	12,350.00	-	60,402.01
Total non-current liabilities	$ 7,006,313.92	$ 7,278,637.79	$ 45,181.92	$ 14,330,133.63
Total liabilities	$ 7,850,681.01	$ 8,389,722.71	$ 104,726.67	$ 16,345,130.39
NET ASSETS:				
Invested in capital assets (net of related debt)	$ 15,788,506.55	$ 11,552,870.93	$ 3,066,426.84	$ 30,407,804.32
Restricted for:				
Capital projects	435,193.76	629,784.98	-	1,064,978.74
Debt services	1,059,215.93	1,149,352.87	-	2,208,568.80
Other purposes	-	374,424.39	360,694.26	735,118.65
Unrestricted	$ 1,866,706.97	$ 1,253,537.00	$ 177,061.36	$ 3,297,305.33
Total net assets	$ 19,149,623.21	$ 14,959,970.17	$ 3,604,182.46	$ 37,713,775.84

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	PROPRIETARY FUND TYPES			
	Sewer Fund	Water Fund	Parking Fund	Total Current Year
OPERATING REVENUES:				
Charges for services	$ 3,570,555.77	$ 3,150,355.24	$ -	$ 6,720,911.01
Sales to other systems	700,200.45	682,183.85	-	1,382,384.30
Fire protection services	-	234,643.88	-	234,643.88
Billing and collection services	-	240,285.29	-	240,285.29
Lease revenue	-	-	557,156.68	557,156.68
Transient revenue	-	-	211,239.34	211,239.34
Special event revenue	-	-	29,059.44	29,059.44
Miscellaneous	220,484.14	118,339.87	17,445.70	356,269.71
Total operating revenues	$ 4,491,240.36	$ 4,425,808.13	$ 814,901.16	$ 9,731,949.65
OPERATING EXPENSES:				
Pumping system	$ 30,146.90	$ 691,828.57	$ -	$ 721,975.47
Collection system	731,661.07	-	-	731,661.07
Treatment and disposal	1,362,515.19	-	-	1,362,515.19
Provision for painting and sealant	-	-	38,354.75	38,354.75
Maintenance	-	-	73,513.02	73,513.02
Other operating expenses	319,204.06	-	-	319,204.06
Purification system	-	406,213.72	-	406,213.72
Distribution system	-	893,328.43	-	893,328.43
Commercial	-	389,502.14	-	389,502.14
General and administrative	1,053,474.15	691,278.84	294,984.99	2,039,737.98
Depreciation	968,632.28	937,209.84	157,887.34	2,063,729.46
Total operating expenses	$ 4,465,633.65	$ 4,009,361.54	$ 564,740.10	$ 9,039,735.29
Operating income (loss)	$ 25,606.71	$ 416,446.59	$ 250,161.06	$ 692,214.36
OTHER INCOME:				
Interest earned - Sinking Fund	$ 17,948.98	$ 28,105.36	$ -	$ 46,054.34
Interest earned - Other investments	8,664.43	19,448.57	2,631.02	30,744.02
Gain on sale of asset	-	-	487,451.69	487,451.69
Other	-	30,181.79	-	30,181.79
Total other income	$ 26,613.41	$ 77,735.72	$ 490,082.71	$ 594,431.84
OTHER DEDUCTIONS:				
Interest on long-term debt	$ 388,669.98	$ 531,143.25	$ -	$ 919,813.23
Other	1,347.35	4,122.52	-	5,469.87
Total other deductions	$ 390,017.33	$ 535,265.77	$ -	$ 925,283.10
Income (loss) before contributions and transfers	$ (337,797.21)	$ (41,083.46)	$ 740,243.77	$ 361,363.10
Capital contributions, grants	$ 336,413.25	$ 33,075.26	$ -	$ 369,488.51
Capital contributions	-	277,932.10	-	277,932.10
Transfers to other funds	-	-	(240,000.00)	(240,000.00)
Total net assets - beginning	19,151,007.17	14,690,046.27	3,103,938.69	36,944 992.13
Total net assets - ending	$ 19,149,623.21	$ 14,959,970.17	$ 3,604,182.46	$ 37,713,775.84

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE YEAR ENDED JUNE 30, 2005

	Sewer Fund	Water Fund	Parking Fund	Totals
Cash Flows from Operating Activities:				
Cash received from customers	$ 4,457,116.15	$ 4,297,786.36	$ $867,472.86	$ 9,622,375.37
Cash received from miscellaneous	220,484.14	118,339.87	17,445.70	356,269.71
Cash paid to suppliers and employees	(3,654,749.21)	(3,157,780.93)	(409,991.61)	(7,222,521.75)
Net cash provided by operating activities	$ 1,022,851.08	$ 1,258,345.30	$ 474,926.95	$ 2,756,123.33
Cash Flows from Noncapital Financing Activities				
Payments from (to) other funds	$ (5,370.64)	$ -	$ (240,000.00)	$ (245,370.64)
Net cash provided by noncapital financing activities	$ (5,370.64)	$ -	$ (240,000.00)	$ (245,370.64)
Cash Flows from Capital and Related Financing Activities:				
Payments on capital leases	$ (23,679.29)	$ (23,672.55)	$ -	$ (47,351.84)
Acquisition and construction of capital assets	(554,122.48)	(399,196.13)	(22,840.05)	(976,158.66)
Capital grants received	336,346.43	33,075.26	-	369,421.69
Interest paid on long-term debt and other	(363,078.27)	(470,232.54)	-	(833,310.81)
Proceeds derived from bond issuance	2,100,722.00	159,189.00	-	2,259,911.00
Retirement of long-term debt	(1,753,411.12)	(769,610.92)	-	(2,523,022.04)
Net cash used for capital and related financing activities	$ (257,222.73)	$ (1,470,447.88)	$ (22,840.05)	$ (1,750,510.66)
Cash Flows from Investing Activities:				
Interest income from restricted fund investments and other	26,035.36	47,553.93	2,453.39	76,042.68
Net cash provided by investing activities	$ 26,035.36	$ 47,553.93	$ 2,453.39	$ 76,042.68
Net increase (decrease) in cash and restricted cash	$ 786,293.07	$ (164,548.65)	$ 214,540.29	$ 836,284.71
Cash and restricted cash, July 1, 2004	1,582,877.97	2,334,946.38	401,863.96	4,319,688.31
Cash and restricted cash, June 30, 2005	$ 2,369,171.04	$ 2,170,397.73	$ 616,404.25	$ 5,155,973.02
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:				
Net operating income (loss)	$ 25,606.71	$ 416,446.59	$ 250,161.06	$ 692,214.36
Adjustments to Reconcile Operating Income (Loss) to Depreciation	968,632.28	937,209.84	157,887.34	2,063,729.46
Changes in Assets and Liabilities -				
(Increase) decrease in receivables	186,359.93	(22,031.90)	68,700.40	233,028.43
(Increase) decrease in inventory	-	(5,076.12)	-	(5,076.12)
(Increase) decrease in container deposits and other assets	(61,500.00)	-	1,268.55	(60,231.45)
Increase (decrease) in accounts payable	(153,103.38)	(95,130.03)	(20,170.09)	(268,403.50)
Increase (decrease) in accrued and other liabilities	56,855.54	26,926.92	17,079.69	100,862.15
Net cash provided by operating activities	$ 1,022,851.08	$ 1,258,345.30	$ 474,926.95	$ 2,756,123.33
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets from others	$ -	$ 277,932.10	$ -	$ 277,932.10

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	FIDUCIARY FUND TYPES		
	Employees' Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund
ASSETS:			
Cash and cash equivalents	$ -	$ 151,171.92	$ 155,746.28
Due from other fund	7,804.87	-	15,297.20
Accrued interest receivable	136,873.30	32,801.32	31,000.50
Investments, at fair value:			
U.S. Treasury cash reserve	602,765.46	45,289.26	96,051.52
Common stock	11,771,184.50	2,858,496.18	2,610,840.97
Corporate bonds	3,512,270.13	764,083.46	669,755.88
Federal government bonds	10,881,930.87	2,698,255.27	2,405,173.64
Total Investments	26,768,150.96	6,366,124.17	5,781,822.01
Total assets	$ 26,912,829.13	$ 6,550,097.41	$ 5,983,865.99
LIABILITIES:			
Accounts payable	$ -	$ -	$ 10,213.07
Accrued pension benefit	25,343.82	70,114.22	59,235.72
Due to other funds	-	-	-
Payroll withholdings and other accrued liabilities	-	-	-
Total liabilities	$ 25,343.82	$ 70,114.22	$ 69,448.79
Net assets held in trust for Pension benefits	$ 26,887,485.31	$ 6,479,983.19	$ 5,914,417.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	FIDUCIARY FUND TYPES		
	Employees' Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension Relief Fund
ADDITIONS			
Contributions:			
Employer	-	1,540,085.77	1,566,064.77
Plan members	386,833.48	230,994.08	200,563.69
Insurance premium tax allocation	-	883,622.99	750,043.29
Total contributions	386,833.48	2,654,702.84	2,516,671.75
Investment income	2,513,020.59	571,090.09	503,030.08
Less: Investment expense	104,646.47	21,089.26	30,475.84
Net investment income	2,408,374.12	550,000.83	472,554.24
Total additions	$ 2,795,207.60	$ 3,204,703.67	$ 2,989,225.99
DEDUCTIONS			
Benefit payments	$ 826,516.75	$ 2,085,385.88	$ 1,748,479.43
Refunds	-	-	-
Other operating expenses	8,913.04	3,899.47	427.86
Total deductions	$ 835,429.79	$ 2,089,285.35	$ 1,748,907.29
Changes in net assets	$ 1,959,777.81	$ 1,115,418.32	$ 1,240,318.70
Net assets held in trust for pension benefits:			
Beginning of year	24,927,707.50	5,364,564.87	4,674,098.50
End of year	$ 26,887,485.31	$ 6,479,983.19	$ 5,914,417.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
AGENCY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Agency Funds
ASSETS:	
Cash	$ 19,286.91
Total assets	$ 19,286.91
LIABILITIES:	
Due to other funds	$ 1,045.70
Payroll withholdings and other accrued liabilities	552.00
Total liabilities	$ 1,597.70
FUND BALANCES:	
Reserved for debt service	$ 18,584.91
Unreserved	(895.70)
Total fund balances	$ 17,689.21
Total liabilities and fund balances	$ 19,286.91

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies of the City of Wheeling is presented below. In 2003, the City of Wheeling adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments;* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus;* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* This results in a change in format and content of the basic financial statements, including the addition of a section called Management's Discussion and Analysis, where the City's activity for the fiscal year is summarized; as well as the institution of two levels of reporting. The two levels are government-wide financial statements and governmental fund financial statements, which are discussed in sections B and C of this footnote.

A. Reporting entity

The City of Wheeling, West Virginia is a Class II municipality with a population of 31,400 located in Ohio County, West Virginia.

The City of Wheeling operates under the Manager-Mayor Plan as set forth as Plan V in the West Virginia State Code Section 8-3-2. Council consists of six members, elected from respective geographic districts or wards. The Mayor is elected at large by the qualified voters of the City and serves as the presiding officer of the Council. City elections for Mayor and members of Council are held every four years with the next election being May 2008.

The services provided by the City and accounted for within these financial statements include general government, public safety, health and sanitation, cultural and recreational programs, social services and other governmental services.

Discretely Presented Component Unit

The Wheeling Municipal Auditorium Board is responsible for the supervision, operation, and control of Wesbanco Arena (Wheeling Municipal Auditorium). Board members are appointed by the Mayor pending City Council ratification. The City issued bonds in previous years to provide capital improvements to the Auditorium. The Wheeling Municipal Auditorium Board is presented as a proprietory fund type. The Wheeling Municipal Auditorium Board receives a portion of the hotel/motel tax collected by the City. This is reflected as a subsidy on the Statement of Net Assets.

The Annual Audit and Financial Report for the Wheeling Municipal Auditorium Board can be obtained upon request. Questions concerning the Report should be addressed to the Board's Executive Director, 2-14th Street, Wheeling, West Virginia, 26003.

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and governmental fund financial statements

The government-wide financial statements report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of internal activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from other activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue instead.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the governmental fund financial statements.

C. Measurement Focus, basis of accounting, and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City applies all relevant Government Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements unless they conflict with GASB pronouncements.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. 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 in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund financial statements are shown on the cash basis of accounting.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pending litigation are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City of Wheeling funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for the government's activities, where the focus of attention is on the providing of services to the public. Fiduciary funds are used to account for assets held by others. The City's operations require the use of governmental and fiduciary funds. The fund types used by the City are as follows:

(a) Fund Accounting

The accounts of the city are organized on the basis of funds or groups of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types under the following broad fund categories:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Trust Funds - Trust Funds are used to account for assets held by the municipality in a trustee capacity. These include Expendable Trust and Pension Trust. Pension Trust Funds report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. See Note 7. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

(b) Capital Assets and Long-Term Liabilities

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Due to the implementation of GASB 34 the City has begun capitalizing and depreciating its capital assets. As required by the West Virginia State Auditor's Office, the City has begun recording depreciation on buildings, equipment, and major improvements. Capital assets (including infrastructure) are depreciated using the straight-line method over their estimated useful lives less any salvage value. Estimated useful lives range from 3 to 40 years.

In the government-wide financial statements, long term liabilities consist of general obligation bonds and capital leases. All amounts are non-current liabilities.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement forms applied.

As prescribed by accounting principles generally accepted in the United States of America, all governmental and expendable trust funds in the accompanying financial statements are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related Fund liability is incurred. The government-wide financial statements as mentioned earlier are presented using the accrual basis of accounting.

1. Summary of Significant Accounting Policies (Continued)

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. See Note 7.

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process in the General and Coal Severance Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(e) Investments

The securities included in investments are stated at market. The investment policy for the Pension funds follows the guidelines established under §8-22-22 of the West Virginia Code. All other deposits and investments of the City follow the guidelines established under the West Virginia Code Article 12-1 for state depositories.

(f) Inventories

All funds, except the Water Fund, consider inventories as expenditures at the time of purchase; therefore, they do not appear on the City's financial statements, except inventories reflected in the Water Fund. Inventory for the Water Fund is stated at cost.

(g) Utility Plant and Depreciation

Improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated on the straight-line method over the estimated useful life as established in guidelines for water and sewer utilities published by the Public Service Commission of West Virginia. The depreciable lives of various items range from 6 to 50 years. The books and records reflect estimated or appraisal values for certain assets of the water and sewer funds. Likewise, the Statement of Income reflects estimated charges for depreciation of these assets.

(h) Parking Fund - Fixed Assets and Depreciation

(a) Land - The cost of the land on which the Center Wheeling Parking Garage, the 10th Street Parking Garage and the Civic Center Lot are situated is included as "Land." The land on which the Main Street lots are situated is leased from the West Virginia Department of Transportation.

(b) Structures and Depreciation - "Structures, improvements, parking lots and equipment" includes the original construction cost of all the parking facilities operated by the Wheeling Municipal Parking Fund. The structures are being depreciated over their estimated useful life of 40 years on the straight-line method. Parking lots and equipment are being depreciated over estimated useful lives of three to 20 years on the straight-line method.

1. Summary of Significant Accounting Policies (Continued)

(i) Restricted Funds

Certain proceeds of the proprietary funds revenue bonds, as well as certain resources set aside for their bond repayment, maintenance and construction, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or public service commission requirements.

(j) 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. Designations of fund balance represent tentative management plans that are subject to change.

(k) Restatement of Fund Balances

During fiscal year ending June 30, 2004, an error occurred in the calculation of allowances for uncollectible community development accounts. During the current fiscal year, the City made a prior period adjustment to correct the allowance for doubtful accounts. Beginning allowances were reduced by $1,006,011.84 and the opening CDBG fund balance was increased by the same amount. This prior period adjustment impacts both the governmental funds balance sheet as well as the government-wide statement of net assets.

Prior to the current fiscal year, the estimated liability for landfill closure was recorded by the City in the governmental fund financial statements as a liability. The governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. The estimated liability for landfill closure does not meet the definition of a liability on the modified accrual basis. Therefore, during the current fiscal year, the City made a prior period adjustment to remove $928,622.48 liability from the fund financials. This prior period adjustment impacts only the governmental funds balance sheets.

(l) Cash and Cash Equivalents

For purposes of the statement of cash flows, the City of Wheeling considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

2. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The Parking Fund transfers $20,000 to the General Fund per month from excess revenues. The excess revenues are a result of the Parking Fund debt being extinquished.

3. Capital Assets

A summary of changes in fixed assets for the fiscal year ended June 30, 2005 is as follows:

Governmental Activities:	Original Balance 7/1/2004	Additions	Deductions	Balance 6/30/2005	Accumulated Depreciation Prior Years	Current Year	Net 6/30/2005
Land	$ 2,539,195.10	$ 109,489.19	$ -	$ 2,648,684.29	$ -	$ -	$ 2,648,684.29
Land Improvements	-	36,073.75	-	36,073.75	-	1,352.77	34,720.98
Parking Structures & Equip	-	-	-	-	-	-	-
Utility Plant, In Service	-	-	-	-	-	-	-
Buildings and improvements	5,692,686.06	1,872,882.00	-	7,565,568.06	2,959,907.29	196,429.60	4,409,231.17
Vehicles and Equip	6,681,914.01	731,659.69	202,659.00	7,210,914.70	3,235,540.12	518,622.23	3,456,752.35
Infrastructures	-	270,936.05	-	270,936.05	-	-	270,936.05
Construction in progress	1,116,186.49	-	593,196.91	522,989.58	-	-	522,989.58
Total Governmental	$ 16,029,981.66	$ 3,021,040.68	$ 795,855.91	$ 18,255,166.43	$ 6,195,447.41	$ 716,404.60	$ 11,343,314.42

Business-Type Activities:	Original Bal. 7/1/2004	Additions	Deductions	Balance 6/30/2005	Accumulated Depreciation Prior Years	Current Year	Net 6/30/2005
Land	$ 1,450,413.50	$ -	$ -	$ 1,450,413.50	$ -	$ -	$ 1,450,413.50
Parking Structures & Equip	5,844,912.25	22,282.72	50,310.95	5,816,884.02	4,043,540.67	157,887.34	1,615,456.01
Utility Plant, In Service	89,223,639.03	1,623,548.95	53,081.82	90,794,106.16	47,561,748.62	1,905,842.12	41,326,515.42
Buildings and System	-	-	-	-	-	-	-
Vehicles and Equip	-	-	-	-	-	-	-
Construction in progress	2,060,804.06	343,454.53	818,050.81	1,586,207.78	-	-	1,586,207.78
Total Business-Type	$ 98,579,768.84	$ 1,989,286.20	$ 921,443.58	$ 99,647,611.46	$ 51,605,289.29	$ 2,063,729.46	$ 45,978,592.71

Depreciation Expense charged to departments on the government wide statement of activities is as follows:

General government	$ 97,303.21
Public safety	271,916.13
Streets and transportation	126,852.19
Health and sanitation	58,877.53
Culture and recreation	161,455.54
Total	$ 716,404.60

4. Funds Not Audited

There are several boards and commissions created by the City Code which act in an administrative capacity only and have no operating budget. Accordingly, these boards, authorities and commissions are not included in the accompanying financial statements.

5. Property Taxes

Real property taxes attach as an enforceable lien on all real property on which taxes are assessed on July first. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

The sheriff of each county, as ex officio county treasurer, collects all taxes levied in that particular county. Each month the sheriff is required to pay all monies collected for any municipal corporation into the respective treasury of that municipality, payment to be made on or before the tenth day of each month for all monies collected during the preceding month. After the sheriff has collected eighty-five percent of the combined total of all taxes assessed on real and personal property, the sheriff is allowed a commission of two and one-half percent, not to exceed $15,000.00, on the remainder of the taxes actually collected, exclusive of interest and charges thereon. The commission so allowed is charged against the various funds for which the taxes are collected.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: (1) For the payment of principal and interest upon bonded indebtedness on Class I property, one and five-tenths (1.5¢); on Class II property, three cents (3.0¢); and on class IV property, six cents (6.0¢); and (2) for general current expense purposes on Class I property, eleven cents (11.0¢); on Class II property, twenty-two cents, (22.0¢); and on Class IV property forty-four cents (44.0¢).

However, if levies are not needed for the payment of principal and interest, the levy rates may be combined for the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). The levy rates of the City of Wheeling, West Virginia for the fiscal year ended June 30, 2005 were assessed on a total valuation of $783,476,051.

6. Budget

The City prepares formal budgets for the General Fund and Coal Severance Tax Fund only. The annual budgets are amended by City Council from time to time with prior approval by the State Tax Commissioner. The budgeted amounts reported in the accompanying financial statements reflect separately the original and revised amounts.

7. Retirement Systems

The City reporting entity participates in three single-employee, defined benefit, 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:

Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contributions (ARC) for the three plans are located in the Required Supplementary Information section of the report.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for the three plans. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

The City of Wheeling Employee's Retirement and Benefit Fund

All permanent full-time employees under age 50, at the time of their employment, are eligible to participate in this program (excluding firemen and policemen who are covered by separate plans - see below). An employee who attains age 60 has a vested right to a retirement benefit provided they have a total service credit of ten or more years. The employee's monthly retirement benefit is equal to the sum of the following:

1) 25% of average monthly salary for the first ten years of total service credit, plus

2) 1.9231% of average monthly salary times total service credit in excess of ten years but not in excess of twenty-three years, plus

3) 1.6667% of average monthly salary times total service credit in excess of twenty three years but not in excess of thirty five years.

Memberships of the plans are as follows:

Non-vested active members	8
Fully vested active members	215
Retirees and beneficiaries currently receiving benefits	74
Terminated plan members entitled to but not yet receiving benefits	4
Total	301

7. Retirement Systems (Continued)

The City of Wheeling Employee's Retirement and Benefit Fund (Continued)

Eligible employees contribute 6% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $6,447,881.80. The total employees contribution was $386,833.48. The plan's fund balance as of June 30, 2005 is $26,887,485.31. The City's contribution for the year ended June 30, 2005 was $ -0-.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$ 19,795,143
Assets at Market Value	$ 24,927,708
Assets Exceed Pension Benefit Obligation	$ 5,132,565

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report as of July 1, 2004, the average annual salary for benefits was $29,729.00. There were 74 pensioners as of June 30, 2004 receiving an average of $10,670.00 in pension benefits. Administrative costs are financed with investment earnings.

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investments (other then U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 0	100%	$ 0
2004	0	100%	0
2003	0	100%	0

7. Retirement Systems (Continued)

The Firemen's Pension or Relief Fund

All permanent full-time fire department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code. To be eligible for a regular retirement pension under this plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences on the participants normal retirement date or the date he attains age 50, if later. The monthly benefit is a percentage of the highest three year average countable compensation. This percentage is determined based on years of service. The percentage ranges from 60% of countable compensation for 20 years of service to 75% for 30 years.

Eligible firemen contribute 7% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $3,300,565.75. The total employee contribution was $230,994.08. The plan's fund balance as of June 30, 2005 is $6,479,983.19.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$	33,232,735
Assets at Market Value	$	5,364,565
Unfunded Pension Benefit Obligation	$	27,868,170

The City does not contribute to the firemen's plan based upon the recommendations in the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Firemen's Pension or Relief Fund to be solvent under this method for the next consecutive fifteen year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State was $1,847,058.00. Actual contributions were $2,423,708.76 for the year ended June 30, 2005.

7. Employee Retirement Systems (Continued)

The Firemen's Pension or Relief Fund (Continued)

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report, as of July 1, 2004, the average annual salary for benefits was $34,077.00. There were 116 pensioners as of June 30, 2004 receiving an average of $17,808.65 in pension benefits with expected cost-of-living increases up to 5%.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 1,847,058	131%	$ 0
2004	1,484,008	155%	0
2003	1,417,814	135%	0

The Policemen's Pension or Relief Fund

All permanent full-time police department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code. To be eligible for a regular retirement pension under the plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences on the participants' normal retirement date or the date he attains age 50, if later. The annual normal retirement pension, payable monthly, is 60% of the participants average annual salary for 20 years of service, up to 75% for 30 years service.

Eligible policemen contribute 7% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $2,865,601.74. The total employee contribution was $200,563.69 The plan's fund balance as of June 30, 2005 is $5,914,417.20.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$ 27,504,604
Assets at Market Value	$ 4,674,099
Unfunded Pension Benefit Obligation	$ 22,830,505

7. Employee Retirement Systems (Continued)

The Policemen's Pension or Relief Fund (Continued)

The City does not contribute to the policemen's plan based upon the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Policemen's Pension or Relief Fund to be solvent under this method for the next consecutive fifteen-year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State was $1,739,457.00. Actual contributions were $2,316,107.90 for the year ended June 30, 2005.

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report, as of July 1, 2004, the average annual salary for benefits was $35,257.00. There were 99 pensioners as of June 30, 2004 receiving an average of $16,739.23 in pension benefits with expected cost-of-living increases up to 5%.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 1,739,457	133%	$ 0
2004	1,442,777	156%	0
2003	1,367,193	137%	0

Fund Assets

The assets of each of the retirement and pension funds are invested in various equity securities, obligations of the United States government and United States government agencies. Any purchase discount or premiums associated with the purchase of these securities is recorded, as a current asset or liability, at the date of purchase and is amortized from that time through the date of sale or maturity. Current year amortization of these discounts or premiums is included in operating revenue/expense for each fund.

7. Employee Retirement Systems (Continued)

Fund Assets (Cont.)

The cost and fair market value of the investments of each fund at June 30, 2005, are as follows:

	Cost	Market Value
Employees' Retirement and Benefit Fund	$ 23,803,316.50	$ 26,768,150.96
Firemen's Pension or Relief Fund	5,794,516.19	6,366,124.17
Policemen's Pension or Relief Fund	5,319,902.37	5,781,822.01

8. Long-Term Debt

(a) Water and Sewer Funds –

Revenue Bonds - The City issued $20,600,000 of Combined Waterworks and Sewerage System Refunding Revenue Bonds on January 1, 1997 for the purpose of refunding outstanding Revenue Bonds dated May 1, 1992 which were issued for the purpose of funding additions, betterments and improvements to the City's Combined Waterworks and Sewerage System. The 1997 bonds were issued at interest rates from 3.65% to 5.629%, payable semiannually, with principal retirements through June 30, 2016. Proceeds from the new issue were placed in an Escrow account to defease the original issue as these bonds mature. The debt service cash flow requirements of the new issue versus the old issue are substantially the same.

The January 1, 1997 transaction resulted in a deferred loss (debt discount) of $1,359,545.16 and $616,542.72 for the Water and Sewer fund respectively. This deferred loss is being amortized over the remaining life of the bonds. The transaction also resulted in a cash surplus of $309,750.00 for the Water fund and $215,250.00 for the Sewer fund, which amounts were deposited to their respective construction accounts.

The total of these bonds outstanding at June 30, 2005 was $12,995,000.00 ($7,667,050.00 for Water, $5,327,950.00 for Sewer).

2003 Design Revenue Bonds – In January 2003, the Water and Sewer departments issued a $1,940,000.00 bond to finance the design phase of the upcoming Water and Sewer improvements. The total of these bonds outstanding at June 30, 2005 was $321,482.10 ($306,755.96 for Water and $14,726.14 for Sewer).

8. Long-Term Debt (Continued)

Interest is charged at the rate of 4.62% of the unpaid principal. Because Sewer paid off the majority of its principal due with the proceeds of its 2005 Bond Issue, no payment was due on July 1, 2005. The next payment is due January 1, 2006 for $39,402.27, which includes principal and interest.

During fiscal year ended June 30, 2005, $1,318,022 principal was paid ($58,661 and $1,259,361 by Water and Sewer, respectively). Interest was paid totaling $70,916 ($23,970 and $46,946 by Water and Sewer, repectively). The Water department increased its draw downs in 2005 by $159,189.00.

Series 2005A Revenue Bonds - On May 5, 2005, the Sewer department began drawing on the $14,500,000 Series 2005A Revenue Bonds. The purpose of these bonds is to finance the Constuction Phase I of the Sewer Department Improvements Project. The drawn down balance at June 30, 2005 was $2,100,722. No interest or principal payments are due on this bond issue until March 1, 2007, at which time the interest rate will be 2%. There is also a 1% administrative fee in effect for these bonds beginning March 1, 2007.

(b) General Obligation Bonds - The City issued $2,400,000 of general obligation bonds on June 1, 1975, for the purpose of financing construction of the Wheeling Civic Center. The bonds were issued at interest rates ranging from 6% to 8%, payable semiannually, with principal retirement annually through June 1, 2006. Additionally during 2003, the City issued $2,600,000 of general obligation bonds, for the purpose of financing major building improvements. The bonds were issued at interest rates ranging from 3% to 4.75% payable semiannually, with principal retirement annually through November 1, 2028. The total of bonds outstanding at June 30, 2005, was $2,710,000.

During the fiscal year ended June 30, 2005, $185,000 and $60,000 of the 1975 and 2003 general obligation bonds matured, respectively.

(c) Parking Fund - Note Payable - The land on which the Center Wheeling Parking Garage was constructed was purchased from the Ohio Valley Medical Center (OVMC) in 1976 for $690,000. During 1977, $181,727 was paid to the Medical Center from the proceeds of Bond Issue 1976-A. The remainder of the purchase price ($508,273.40) was to be repaid pursuant to the terms of a Note Payable.

On December 10, 2004, an agreement between the OVMC and the Parking Authority was established concerning this Note Payable. In exchange for nullification of the Note Payable, the Parking Authority conveyed all rights to a parking lot constructed by the City on property owned by OVMC. A gain on the exchange has been recognized by the Parking Authority.

8. Long-Term Debt (Continued)

(d) The Water and Sewer Revenue bonds and the General Obligation bonds mature as follows:

Fiscal Year Maturity	Water and Sewer Revenue Series 1997	Design Revenue	Sewer Revenue Series 2005	General Obligation
June 30, 2006	1,275,000.00	22,015.17	-	255,000.00
June 30, 2007	1,345,000.00	11,387.15	73,122.88	65,000.00
June 30, 2008	1,415,000.00	11,924.52	146,245.76	65,000.00
June 30, 2009	1,490,000.00	12,487.25	146,245.76	70,000.00
June 30, 2010	1,570,000.00	13,693.63	146,245.76	75,000.00
Thereafter	5,900,000.00	249,974.38	1,588,861.84	2,180,000.00
	$ 12,995,000.00	$ 321,482.10	$ 2,100,722.00	$ 2,710,000.00

(e) The following is a summary of changes in long-term debt for the year ended June 30, 2005.

Governmental Activities

	Payable at 7/1/2004	Additions	Deductions	Payable at 6/30/2005
Bonds payable	$ 2,955,000.00	$ -	$ 245,000.00	$ 2,710,000.00
Capital leases payable	777,418.82	95,438.00	263,200.46	609,656.36
Notes payable	2,250,000.00	-	100,000.00	2,150,000.00
Total governmental	$ 5,982,418.82	$ 95,438.00	$ 608,200.46	$ 5,469,656.36

Business-Type Activities

Bonds payable	$ 15,680,315.14	$ 2,259,911.00	$ 2,523,022.04	$ 15,417,204.10
Capital leases payable	200,936.10	-	47,351.84	153,584.26
Notes payable	508,273.40	-	508,273.40	-
Total business-type	$ 16,389,524.64	$ 2,259,911.00	$ 3,078,647.28	$ 15,570,788.36

9. Temporary Cash and Other Investments

The carrying amount of the City's deposits were $13,212,584.37. The year-end bank balances were $13,623,739.38. The balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City in its name	$ 600,000.00
Uncollateralized	4,255,248.41
Collaterlized by securities held by the pledging financial institutions	-
Collaterlized by securities held by the pledging financial institutions' trust department or agent but not in the depositor-government name	8,768,490.97
Total balance	$13,623,739.38

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the City's name.

	Category 1	Category 2	Category 3	Fair Value
Corporate Bonds, U.S. Treasury FNMA & GNMA	$ -	$ -	$ 20,931,469.25	$ 20,931,469.25
Equities	-	-	17,240,521.65	17,240,521.65
	$ -	$ -	$ 38,171,990.90	38,171,990.90
Investment in State Pool				2,606,502.34
Total investments				$ 40,778,493.24

10. Accrued Interest Payable

Sewer Fund - Accrued interest payable represents interest expense on outstanding bonds for the period from June 1, to June 30, 2005.

Water Fund - Accrued interest payable represents interest expense on outstanding bonds for the period from June 1, to June 30, 2005.

11. Unamortized Debt Discount and Expense

The original bond discount and expense from the issuance of the Water and Sewer revenue bonds is being amortized on the outstanding principal balance method.

12. Contingencies and Litigation

The City of Wheeling is the defendant in a number of lawsuits arising principally in the normal course of operations. All claims are protected by insurance, up to a certain amount, and would not likely have a material effect on the financial statements. The City intends to aggressively defend each case against it.

13. Collateral of Depository Bonds

All monies of the City of Wheeling deposited in local banks are with B B & T, Main Street Bank, United National Bank, Bank One, Wesbanco Bank, and Progressive Bank. These banks are members of the Federal Deposit Insurance Corporation which provides coverage of public funds in the amount of $100,000. For monies deposited in excess of this amount, four of the banks had provided bonds to cover the maximum amount deposited at any one time. Management believes the risk related to the uncollaterized amounts is minimal.

14. Bonds of Municipal Officials

The bonds of every officer and employee of the City who handle public funds or property, and every other person of whom it is required, were examined and found to be adequate as required by West Virginia Code §6-2-11.

15. Accrued Sick Pay

Sick pay is granted to all full time employees and accrues at varying rates based upon the number of years of service and the number of days accrued. There is no ceiling to the accumulation. Employees are not paid accumulated sick days upon termination, however, employees who retire while employed by the City are subject to partial payments of their accrued sick days.

No liability is recorded in the general and proprietary funds as the liability is not subject to reasonable estimation.

16. Loan Programs

The City, as part of its Community Development Block Grant Program, has initiated various revolving loan funds. The owner-occupied Business and Industrial Development programs are administered by the City.

17. Minimum Lease Obligation

During fiscal years 2003, 2004, and 2005, the City entered into lease purchase agreements for several police vehicles and an ambulance. Also during fiscal year 2004, the City entered into lease purchase agreements for a 2004 Ford Explorer and a pressure sealer. In fiscal year 2001, the City entered into lease purchase agreements for a communications system and a mailing machine. The total lease payments less interest costs are as follows:

June 30, 2006	$	331,056.89
June 30, 2007		269,906.66
June 30, 2008		216,559.69
June 30, 2009		1,785.14
Less: Interest Costs		(56,067.76)
Present value of future Minimum lease payments	$	763,240.62

In addition, the City has an annual lease for $1 for the use of a police motorcycle. The vendor has a security interest as lienholder with security in the amount of $13,964.00.

18. Landfill Closure

During the fiscal year ending June 30, 1995, the City's landfill was closed. In preparation for the cost of this closure, a fee had been collected from the users of the landfill for several years. During 1998 the State of West Virginia agreed to limit the City's liability for landfill costs to the balance of the investment account plus future interest earned. The balance of restricted investments and the related closure liability at June 30, 2005 is $928,622.48. This activity is accounted for in the Consolidated Investment Fund.

19. Artisan Center Lease

The City of Wheeling entered into a lease agreement with the Wheeling National Heritage Area Corporation (WNHAC), a non profit organization, on October 5, 1994 wherein the city leases the Artisan Center Building to WNHAC for a period of ten years. In pursuant to the terms of the agreement, this lease may be automatically renewed for three successive ten year terms. In lieu of rent the city has agreed to accept substantial improvements, maintenance and operation of the Artisan Center by WNHAC. In October 2004, the lease agreement was automatically renewed for the second ten year period, expiring October 5, 2014.

20. Self-Insurance

The City of Wheeling is self-insured for workers' compensation. The City has a $1,576,834.00 letter of credit with a local financial institution for security against workers' compensation claims.

21. Subsequent Event

In September 2005, the City issued the $4,115,000 Series 2005A Bonds for the Stone Building Renovation Project. These bonds are special obligations of the City payable soley from revenues generated through Tax Increment Financing.

22. Note Payable HUD

HUD loaned the City of Wheeling $2,250,000.00 for the restoration of the Wheeling Stamping Building. HUD is currently guaranteeing the loan. The City of Wheeling loaned these same funds to the Ohio Valley Industrial and Business Development Corporation (OVIBDC). During fiscal year 2005, the OVIBDC paid $100,000.00 directly to HUD and the remaining balance of $2,150,000.00 to the City. The balance remaining at June 30, 2005 is $2,144,972 and is included in Cash and Cash Equivalents. Payments from the City are due to HUD based upon the following:

August 1, 2005	$ 100,000.00
August 1, 2006	$ 100,000.00
August 1, 2007	$ 100,000.00
August 1, 2008	$ 100,000.00
August 1, 2009	$ 100,000.00
Thereafter	$1,650,000.00
Total	$2,150,000.00

23. Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers for sanitation services and fire service fee. These receivables are due within one year. Certain funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. Related amounts are shown in the following table:

	Governmental Funds
Accounts and tax receivable	$ 4,123,912.75
Charges for services receivable	1,445,279.65
Loans receivable	2,551,235.86
Less: allowances for uncollectible accounts	(2,311,706.87)
Net account receivable	$ 5,808,721.39
Uncollectible amounts netted with revenues	$ (141,231.98)

Significant receivables include amounts due from customers primarily for water and sewer sevices. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 90 days. Related amounts are shown in the following table:

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Parking Fund	Total
Accounts receivable	$717,172.28	$1,011,612.42	$22,804.40	$1,751,589.10
Less: allowances for uncollectible accounts	(163,999.13)	(260,486.32)	-	(424,485.45)
Net account receivable	$553,173.15	$ 751,126.10	$22,804.40	$1,327,103.65

24. Revenues and Expenditures – Benefits Funded by the State of West Virginia

For fiscal year 2005, the State of West Virginia contributed payments on behalf of City employees as follows:

Plan	Amount
City of Wheenling Policemen's Pension and Relief Fund	$750,043.29
City of Wheelingn Firemen's Pension and Relief Fund	883,622.99

State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

25. Due From/To Other Funds

Generally, outstanding balances between funds reported as "due from/to other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/ payables between funds.

Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The following schedule reports receivables and payables within the Primary Government at fiscal year end:

	Governmental Activities		
Governmental Activities:			
Major Governmental Funds	General	Consolidated Investment	Total Due From
General	$ -	$ 23,856.00	$ 23,856.00
Coal Severance	-	60,335.00	60,335.00
Other Funds	66,179.71	-	66,179.71
Business-type Activities:			
Sewer	284.66	-	284.66
Water	10,835.00	32,900.00	43,735.00
Parking	20,000.00	-	20,000.00
Total Due To	$ 97,299.37	$ 117,091.00	$ 214,390.37

CITY OF WHEELING
WHEELING, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

I. SCHEDULE OF FUNDING PROGRESS

Employee's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$24,927,708	$ 19,795,143	$ (5,132,565)	100%	$6,629,475	(77)%
07/01/03	23,514,410	18,767,964	(4,746,446)	100%	6,358,008	(75)%
07/01/02	21,974,989	17,889,864	(4,085,125)	100%	6,129,556	(67)%
07/01/01	21,610,647	17,440,496	(4,170,151)	100%	6,041,083	(69)%
07/01/00	21,056,317	18,201,424	(2,854,893)	100%	6,474,473	(44)%
07/01/99	21,276,554	17,397,660	(3,878,894)	100%	5,955,891	(65)%
07/01/98	20,659,711	16,681,173	(3,978,538)	100%	5,532,957	(72)%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$ 5,364,565	$33,232,735	$27,868,170	16%	$ 3,237,308	861%
07/01/03	4,503,762	33,318,428	28,814,666	14%	3,124,938	922%
07/01/02	3,911,848	31,482,795	27,570,947	12%	3,174,096	869%
07/01/01	3,610,825	31,576,590	27,965,765	12%	3,135,771	892%
07/01/00	3,399,867	29,711,032	26,311,175	11%	2,862,221	919%
07/01/99	No actuarial report prepared.					
07/01/98	3,573,786	26,919,992	23,346,206	13%	2,607,344	895%

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$ 4,674,099	$ 27,504,604	$22,830,505	17%	$ 2,961,577	771%
07/01/03	3,624,086	26,841,532	23,217,446	14%	2,643,335	878%
07/01/02	2,929,276	25,497,753	22,568,477	11%	2,628,890	858%
07/01/01	2,477,072	24,375,978	21,898,960	10%	2,603,924	841%
07/01/00	2,116,397	24,141,871	22,025,474	9%	2,429,959	906%
07/01/99	2,213,295	24,043,733	21,830,438	9%	2,343,412	932%
07/01/98	No actuarial report prepared.					

CITY OF WHEELING
WHEELING, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES

Employee's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$ 0	100%
2004	0	100%
2003	0	100%
2002	0	100%
2001	0	100%
2000	0	100%
1999	0	100%

Firemen's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$1,847,058	131%
2004	1,494,008	155%
2003	1,417,814	135%
2002	1,326,679	135%
2001	1,264,636	126%
2000	1,173,166	100%
1999	1,158,515	100%

Police's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$1,739,457	133%
2004	1,442,777	156%
2003	1,367,193	137%
2002	1,270,380	137%
2001	1,208,470	129%
2000	1,117,334	103%
1999	1,089,585	107%

CITY OF WHEELING
WHEELING, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

	Employees' Retirement and Benefit Fund
Valuation date	7/1/04
Actuarial cost method	Entry age normal cost
Amortization method	Level Percent of Salary
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.5%
Inflation	5.0%

	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund
Valuation date	7/1/04	7/1/04
Actuarial cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	Level Percent of Salary	Level Percent of Salary
Actuarial asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% per year	5.00% per year
Inflation	5.0%	5.0%
Other - cost of living adjustments	$15,000 of annual pension is increased by the lesser of consumer price index or 4.00%	$15,000 of annual pension is increased by the lesser of consumer price index or 4.00%

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Taxes -				
General property	$ 3,577,117.00	$ 3,577,117.00	$ 3,341,339.50	$ (235,777.50)
Utilities	1,100,000.00	1,100,000.00	1,171,370.54	71,370.54
Business taxes	8,400,000.00	8,488,729.00	9,614,279.81	1,125,550.81
Liquor sales	200,000.00	200,000.00	220,333.48	20,333.48
Amusement	12,000.00	12,000.00	17,222.81	5,222.81
Cable franchise fee	320,000.00	320,000.00	372,110.78	52,110.78
Miscellaneous	675,000.00	675,000.00	603,765.14	(71,234.86)
Total taxes	$ 14,284,117.00	$ 14,372,846.00	$ 15,340,422.06	$ 967,576.06
Licenses and permits -				
Business licenses	$ 70,000.00	$ 70,000.00	$ 101,666.13	$ 31,666.13
Private club licenses	50,000.00	50,000.00	48,550.00	(1,450.00)
Insurance licenses	25,000.00	25,000.00	17,102.00	(7,898.00)
Building permits	70,000.00	70,000.00	124,106.24	54,106.24
Other permits and inspection fees	18,000.00	18,000.00	16,790.30	(1,209.70)
Total licenses and permits	$ 233,000.00	$ 233,000.00	$ 308,214.67	$ 75,214.67
Intergovernmental -				
Federal government	$ 130,000.00	$ 2,416,131.00	$ 1,115,625.33	$ (1,300,505.67)
State government	90,000.00	90,000.00	193,913.02	103,913.02
Total intergovernmental	$ 220,000.00	$ 2,506,131.00	$ 1,309,538.35	$ (1,196,592.65)
Charges for services -				
Fire service	$ 2,120,000.00	$ 2,120,000.00	$ 2,068,167.47	$ (51,832.53)
Sanitation fees	1,470,000.00	1,470,000.00	1,422,504.20	(47,495.80)
Ambulance service	591,585.00	591,585.00	655,685.66	64,100.66
Total charges for services	$ 4,181,585.00	$ 4,181,585.00	$ 4,146,357.33	$ (35,227.67)
Fines and forfeits	$ 345,200.00	$ 345,200.00	$ 359,202.70	$ 14,002.70
Miscellaneous revenue -				
Charges to other funds/entities	$ 450,440.00	$ 450,440.00	$ 88,243.24	$ (362,196.76)
Parking meters	280,000.00	280,000.00	257,238.97	(22,761.03)
Interest	25,000.00	25,000.00	70,813.04	45,813.04
Other	2,286,110.00	2,603,267.00	2,313,356.78	(289,910.22)
Total miscellaneous revenue	$ 3,041,550.00	$ 3,358,707.00	$ 2,729,652.03	$ (629,054.97)
Total revenue	$ 22,305,452.00	$ 24,997,469.00	$ 24,193,387.14	$ (804,081.86)
Fund balance, appropriated	100,000.00	1,585,389.00	-	(1,585,389.00)
Total revenue and fund balance	$ 22,405,452.00	$ 26,582,858.00	$ 24,193,387.14	$ (2,389,470.86)

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES:				
General government -				
Finance department	$ 1,103,833.00	$ 3,007,578.00	$ 2,204,390.81	$ 803,187.19
City clerk's office	66,829.00	72,386.00	53,656.22	18,729.78
City manager's office	337,353.00	373,903.00	345,970.46	27,932.54
Department of development	536,899.00	547,099.00	504,939.53	42,159.47
Engineering	149,853.00	150,903.00	140,943.31	9,959.69
Personnel Office	215,729.00	216,779.00	210,706.87	6,072.13
Market house	99,000.00	100,000.00	124,271.53	(24,271.53)
Capital projects/Contingencies	18,200.00	93,723.00	1,202,370.19	(1,108,647.19)
City Attorney	114,818.00	131,168.00	125,021.27	6,146.73
Mayor and City Council	83,374.00	83,374.00	78,547.62	4,826.38
Police judges office	99,285.00	109,635.00	111,444.16	(1,809.16)
Total general government	$ 2,825,173.00	$ 4,886,548.00	$ 5,102,261.97	$ (215,713.97)
Public Safety -				
Fire department	$ 6,044,606.00	$ 6,422,793.00	$ 6,261,268.65	$ 161,524.35
Police department	5,270,933.00	5,626,818.00	5,404,555.17	222,262.83
Central dispatch	566,153.00	573,083.00	543,975.66	29,107.34
Capital projects	166,432.00	530,362.00	579,657.84	(49,295.84)
Total public safety	$ 12,048,124.00	$ 13,153,056.00	12,789,457.32	$ 363,598.68
Streets and maintenance -				
Public transportation	767,843.00	803,360.00	691,110.13	112,249.87
Central garage	652,113.00	713,280.00	714,990.18	(1,710.18)
Street department	3,557,747.00	4,111,530.00	3,401,590.54	709,939.46
Capital Projects	104,000.00	186,900.00	158,723.13	28,176.87
Total streets and maintenance	$ 5,081,703.00	$ 5,815,070.00	$ 4,966,413.98	$ 848,656.02
Health and sanitation				
Recycling center	212,749.00	222,517.00	214,768.23	7,748.77
Garbage department	1,042,193.00	1,189,425.00	1,203,070.05	(13,645.05)
Total health and sanitation	$ 1,254,942.00	$ 1,411,942.00	$ 1,417,838.28	$ (5,896.28)
Culture and recreation				
Parks	$ 340,532.00	$ 340,532.00	$ 289,141.82	$ 51,390.18
Visitors bureau	225,000.00	243,518.00	223,015.27	20,502.73
Playgrounds	316,285.00	387,763.00	315,224.69	72,538.31
Civic Center	200,000.00	200,886.00	209,687.83	(8,801.83)
Youth Program	50,000.00	75,000.00	72,913.19	2,086.81
Total culture and recreation	$ 1,131,817.00	$ 1,247,699.00	$ 1,109,982.80	$ 137,716.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES:				
Social services				
Human services/affirmative action	$ 63,693.00	$ 68,543.00	$ 62,970.26	$ 5,572.74
Total social services	$ 63,693.00	$ 68,543.00	$ 62,970.26	$ 5,572.74
Total expenditures	$ 22,405,452.00	$ 26,582,858.00	$ 25,448,924.61	$ 1,133,933.39
Revenue over (under) expenditures	$ -	$ -	$ (1,255,537.47)	$ (1,255,537.47)
Other financing sources (uses)				
HUD Loan Repayment Proceeds	-	-	2,050,000.00	2,050,000.00
Transfers in	1,000,000.00	1,000,000.00	1,650,668.12	650,668.12
Transfers out	(1,000,000.00)	(1,000,000.00)	(1,567,815.00)	(567,815.00)
Total other financing sources and uses	-	-	2,132,853.12	2,132,853.12
FUND BALANCE, JUNE 30, 2004			5,933,966.97	
FUND BALANCE, JUNE 30, 2005			$ 6,811,282.62	

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
COAL SEVERANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
State government	$ 49,750.00	$ 49,750.00	$ 87,703.75	$ 37,953.75
Interest and other	250.00	250.00	693.86	443.86
Total revenues	$ 50,000.00	$ 50,000.00	$ 88,397.61	$ 38,397.61
Appropriated fund balance	-	56,513.00	56,513.07	0.07
Total revenues and fund balance	$ 50,000.00	$ 106,513.00	$ 144,910.68	$ 38,397.68
EXPENDITURES:				
General government -				
City manager and other	$ 50,000.00	$ 106,513.00	$ 55,796.16	$ 50,716.84
Total general government	$ 50,000.00	$ 106,513.00	$ 55,796.16	$ 50,716.84
Streets and maintenance -				
Building and grounds	$ -	$ -	$ -	$ -
Total streets and maintenance	$ -	$ -	$ -	$ -
Unclassified expenditures	$ -	$ -	$ -	$ -
Total expenditures	$ 50,000.00	$ 106,513.00	$ 55,796.16	$ 50,716.84
Revenue over (under) expenditures	$ -	$ -	$ 89,114.52	$ 89,114.52
Reserve for encumbrances			-	
FUND BALANCE, JUNE 30, 2005			$ 89,114.52	

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service Fund	Community Development Fund	Municipal Financial Stabilization Fund	TIF Capital Project Fund	Total Non Major Governmental Funds
ASSETS:					
Cash	$ -	$ 149,925.62	$ 1,000,000.00	$ 324,315.10	$ 1,474,240.72
Cash with fiscal agents	397,993.30	-	-	-	397,993.30
Accounts receivable, net	-		-	10,737.91	10,737.91
Loans receivable, net	-	1,127,494.69	-	-	1,127,494.69
Prepaids	-	300,000.00	-	-	300,000.00
Total assets	$ 397,993.30	$ 1,577,420.31	$ 1,000,000.00	$ 335,053.01	$ 3,310,466.62
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	25,418.57	-	40,761.14	66,179.71
Deferred revenue	-	-	-	8,356.45	8,356.45
Total liabilities	$ -	$ 25,418.57	$ -	$ 49,117.59	$ 74,536.16
FUND BALANCES:					
Unreserved	$ -	$ 1,552,001.74	$ 1,000,000.00	$ -	$ 2,552,001.74
Reserved for debt service	397,993.30	-	-	285,935.42	683,928.72
Total fund balances	$ 397,993.30	$ 1,552,001.74	$ 1,000,000.00	$ 285,935.42	$ 3,235,930.46
Total liabilities and fund balances	$ 397,993.30	$ 1,577,420.31	$ 1,000,000.00	$ 335,053.01	$ 3,310,466.62

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service Fund	Community Development Fund	Municipal Financial Stabilization Fund	TIF Capital Project Fund	Total Non Major Governmental Funds
REVENUES:					
Federal government	$ -	$ 1,645,000.00	$ -	$ -	$ 1,645,000.00
State government	-	-	-	-	-
Interest	12,358.21	-	7,420.92	2,388.07	22,167.20
Taxes	156,190.86	-	-	283,617.78	439,808.64
Other	-	64,957.71	-	-	64,957.71
Total revenues	$ 168,549.07	$ 1,709,957.71	$ 7,420.92	$ 286,005.85	$ 2,171,933.55
EXPENDITURES:					
General government -					
Bond Retirement	$ 245,000.00	$ -	$ -	$ -	$ 245,000.00
Interest	134,800.62	-	-	-	134,800.62
Department of Development	-	1,064,800.96	-	-	1,064,800.96
Finance	-	-	-	70.43	70.43
Total general government	$ 379,800.62	$ 1,064,800.96	$ -	$ 70.43	$ 1,444,672.01
Total expenditures	$ 379,800.62	$ 1,064,800.96	$ -	$ 70.43	$ 1,444,672.01
Revenue over (under) expenditures	$ (211,251.55)	$ 645,156.75	$ 7,420.92	$ 285,935.42	$ 727,261.54
OTHER FINANCING SOURCES (USES):					
Transfers in	$ -	$ -	$ 1,000,000.00	$ -	$ 1,000,000.00
Transfers out	-	(285,717.91)	(1,007,420.92)	-	(1,293,138.83)
Total other financing sources and uses	-	(285,717.91)	(7,420.92)	-	(293,138.83)
FUND BALANCE UNRESERVED, as originally stated	609,244.85	186,551.06	1,000,000.00	-	1,795,795.91
Prior Period Adjustment (Note 1k)	-	1,006,011.84	-	-	1,006,011.84
FUND BALANCE UNRESERVED, June 30, 2004, Restated	609,244.85	1,192,562.90	1,000,000.00	-	2,801,807.75
FUND BALANCE UNRESERVED, JUNE 30, 2005	$ 397,993.30	$ 1,552,001.74	$ 1,000,000.00	$ 285,935.42	$ 3,235,930.46

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Home Program	Public Debt Fund	PAYROLL WITHHOLDING Federal Income Tax	PAYROLL WITHHOLDING Savings Bonds	Total
ASSETS:					
Cash					
Balance, June 30, 2004	$ 200.00	$ 10,893.58	$ -	$ 37.00	$ 11,130.58
Additions	631,480.04	152,619.13	616,553.53	6,265.00	1,406,917.70
Deductions	(631,530.04)	(144,927.80)	(616,553.53)	(5,750.00)	(1,398,761.37)
Balance, July 1, 2005	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91
Total assets	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91
LIABILITIES:					
Payroll withholdings					
Balance, June 30, 2004	$ -	$ -	$ -	$ 37.00	$ 37.00
Additions	-	-	616,553.53	6,265.00	622,818.53
Deductions	-	-	(616,553.53)	(5,750.00)	(622,303.53)
Balance, July 1, 2005	$ -	$ -	$ -	$ 552.00	$ 552.00
Due to other funds					
Balance, June 30, 2004	$ 1,199.16	$ -	$ -	$ -	$ 1,199.16
Additions	1,045.70	-	-	-	1,045.70
Deductions	(1,199.16)	-	-	-	(1,199.16)
Balance, July 1, 2005	$ 1,045.70	$ -	$ -	$ -	$ 1,045.70
Total liabilities	$ 1,045.70	$ -	$ -	$ 552.00	$ 1,597.70
FUND BALANCE:					
Balance, June 30, 2004	$ (999.16)	$ 10,893.58	$ -	$ -	$ 9,894.42
Additions	632,679.20	152,619.13	-	-	785,298.33
Deductions	(632,575.74)	(144,927.80)	-	-	(777,503.54)
Balance, July 1, 2005	$ (895.70)	$ 18,584.91	$ -	$ -	$ 17,689.21
Total liabilities and fund balance	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Program Title	Federal CFDA Number	Expenditures As of June 30, 2005
U. S. Department of E. P. A.:		
Brownfield Revolving Loan Fund	66.818	$ -
Brownfield Pilot Co-Op Agmt.	66.811	748.42
		748.42
Special Appropriations Project	66.606	55,600.00
Total U.S. Department of E.P.A.		$ 56,348.42
U.S. Department of Justice:		
Drug and Violent Crime Control Tax Force	16.579	$ 151,465.48
Enforcing Underage Drinking Laws	16.540	27,344.00
Total U.S. Department of Justice		$ 178,809.48
U.S. Department of Transportation:		
Bike/Jogging Trail - Phase VII Project	20.205	$ 200,821.93
Highway Safety Cluster:		
Governor's Highway Safety Program	20.600	$ 36,078.98
Governor's Highway Safety Program	20.600	23,694.51
Click It or Ticket Challenge	20.604	500.00
Click It or Ticket Challenge	20.604	2,000.00
Click It or Ticket Challenge	20.604	13,700.89
DUI Enforcement Project	20.601	45,884.89
Total Highway Safety Cluster		121,859.27
Total U.S. Department of Transportation		$ 322,681.20

See accompanying note to schedule of expenditures of federal awards.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Program Title	Federal CFDA Number	Expenditures As of June 30, 2005
Department of Housing and Urban Development:		
Community Development Block Grant	14.218	$ 1,645,000.00
Community Development Block Grant	14.218	-
Community Development Block Grant	14.218	-
		1,645,000.00
Home Program	14.239	314,255.77
Home Program	14.239	308,574.27
		622,830.04
Total Department of H.U.D.		$ 2,267,830.04
Department of Homeland Security:		
FY 2004 Homeland Security Grant Major WV Cities Grant Program	97.004	$ 525,243.91
FEMA - Public Assistance Program	97.036	$ 724,686.09
FEMA - Public Assistance Program	97.036	93,439.80
		818,125.89
Total Department of Homeland Security:		$ 1,343,369.80
Total expenditures of federal awards		**$ 4,169,038.94**

See accompanying note to schedule of expenditures of federal awards.

THE CITY OF WHEELING
WHEELING, WEST VIRGINIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The City of Wheeling and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA

Janet L. Roset, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
of the City of Wheeling, West Virginia:

We have audited the 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 Wheeling, West Virginia, as of and for the year ended June 30, 2005, which collectively comprise The City of Wheeling, West Virginia's basic financial statements and have issued our report thereon dated December 30, 2005. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wheeling's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Wheeling's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wheeling's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bodkin Wilson + Kozicki PLLC

Wheeling, West Virginia,
December 30, 2005.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
of the City of Wheeling, West Virginia:

Compliance

We have audited the compliance of the City of Wheeling, West Virginia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Wheeling's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Wheeling's management. Our responsibility is to express an opinion on the City of Wheeling's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wheeling's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Wheeling's compliance with those requirements.

In our opinion, the City of Wheeling complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of Wheeling is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wheeling's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bodkin Wilson + Kozicki PLLC

Wheeling, West Virginia,
December 30, 2005.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statement

Type of auditor's report issued:	Qualified	
Internal control over financial reporting:		
▪ Material weakness identified?	X yes	____ no
▪ Reportable conditions identified that are not considered to be material weaknesses?	____ yes	X
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
▪ Material weakness identified?	____ yes	X no
▪ Reportable conditions identified that are not considered to be material weaknesses?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	____ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.004	FY2004 Homeland Security Grant Major WV Cities Grant Program
97.036	Public Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	X yes	____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

Ref 2005-1. Concession Sales at the Wheeling Municipal Auditorium Board

Condition: The concession cash drawers are counted by the cashiers at the end of each shift. The money is recounted and deposited within the next two days. The cashier's reconciliation sheet is maintained for future reference. However, the sales records were inadequate to support the cash collected, thus eliminating important audit trails for the concession receipts.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Criteria: A financial accounting and reporting process should be in place to provide management with accurate sales records for the concession sales.

Effect: Due to the inadequacy of the records for concessions sales the entity could suffer losses due to underreporting or misappropriation of sales and cash receipts.

Recommendation: A system should be in place that provides sales and cash receipts records. This information should be reconciled after each event to the actual cash collections and bank deposit. The cash register tape detailing sales and cash receipts activity should be attached to the summary detailing actual cash collections and bank deposit.

Corrective Action: Management purchased new cash registers for the concession stands in March of 2004. The cash register tapes provide a summary of sales and cash collections. For the first six months of fiscal year ending June 30, 2005 the cash register tapes were reconciled with the actual cash collections but the tapes were not kept with the cash collections data. Starting in January of 2005 the cash register tapes were attached to the cash collection summary sheets.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were reported

APPENDIX D

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]
(Form of Bond Counsel Opinion)

September __, 2006

The City of Wheeling (West Virginia)
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance, Inc.
New York, New York

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Wheeling (West Virginia) (the "Issuer") of its $_____ aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on July 5, 2006, as supplemented by a Supplemental Parameters Resolutions duly adopted by the Issuer on August 1, 2006, and the Second Supplemental and Amendatory Resolution adopted by the Issuer on September 5, 2006 (said Ordinance, as so supplemented, collectively herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated September ___, 2006, upon original issuance, mature on June 1, in years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 2006, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

The Ordinance provides that the issue is for the purposes of (i) refunding the City's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion of the City's combined waterworks and sewerage system of the Issuer; (iii) funding a reserve account for the Bonds; and (iv) paying certain costs of issuance of the Bonds and related costs.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2006 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects.

The Bonds have been sold to Ferris, Baker Watts, Incorporated (collectively, the "Purchaser"), pursuant to a Bond Purchase Agreement dated September __, 2005, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer and others, contained in the Ordinance and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the 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 upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 5, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Series 2003 A Bonds have been paid within the meaning and with the effect expressed in the Prior Ordinance authorizing the issuance of the Series 2003 A Bonds, and the covenants, agreements and other obligations of the Issuer to the holder of the Series 2003 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt and release of the holder of the Series 2003 A Bonds.

7. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

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

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

08/31/06
964250.00042

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE AS SUPPLEMENTED AND AMENDED

The following is a summary of certain terms, provisions and covenants of the Ordinance. This summary makes use of terms defined in the Ordinance, certain of which are defined in "Definitions" which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Ordinance in its entirety for the complete and actual terms, provisions and covenants thereof.

Definitions

"Act" means Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2006 A Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in the Ordinance.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds, in substantially the form set forth in EXHIBIT A - FORM OF SERIES 2006 A BOND attached to the Ordinance.

"City" or "Issuer" means The City of Wheeling, a municipal corporation and political subdivision of the State of West Virginia, in Ohio and Marshall counties thereof, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means, collectively, Burgess & Niple, Inc., Parkersburg, West Virginia, and Gannett Fleming, Inc., Harrisburg, Pennsylvania, or any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs described in the Ordinance.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by the Ordinance.

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

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

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

"Depreciation Fund" means the Depreciation Fund established by the Prior Ordinances and continued by the Ordinance.

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

"DTC-eligible" means, with respect to the Series 2006 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in the Ordinance.

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

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

"Governing Body" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, provided that, "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments) or any Tap Fees, as hereafter defined.

"Independent Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Series 2006 A Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the current Mayor of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 2006 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 A Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth in the Ordinance, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of Gross Revenues remaining after deduction of Operating Expenses, as defined in the Ordinance.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Ordinances and continued by the Ordinance.

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

"Original Purchaser" means Ferris, Baker Watts, Charleston, West Virginia as the purchaser of the Series 2006 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds, as hereinafter defined, including the exact

principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of said Series 2006 A Bonds.

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

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with the Ordinance.

"Prior Bonds" shall mean, collectively, the Series 2005 A Bonds and the Series 1997 Bonds.

"Prior Ordinances" shall have the meaning set forth in the recitals hereto.

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

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, specifically including, but not limited to, the construction of upgrades to the distribution system, which shall include the replacement of deteriorated water lines, improvements to the Wheeling Park booster pumping station and improvements to the Supervisory Control and Data Acquisition System, and all necessary appurtenances.

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

"Rebate Fund" means the Rebate Fund established by the Prior Ordinances and continued by the Ordinance.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2006 A Bonds, and any successor thereto appointed in accordance with the Ordinance.

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2006 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinances and continued by the Ordinance.

"Series 1997 Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000.

"Series 2003 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000.

"Series 2005 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, of the Issuer, originally authorized to be issued pursuant to the Ordinance and the Supplemental Resolution.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by the Ordinance.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account established by the Ordinance.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to the Ordinance.

"Series 2006 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 A Bonds.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by the Ordinance.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2006 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and authorizing the sale of the Series 2006 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"System" means, the complete existing public municipal combined waterworks and sewerage system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"Term Bonds" means Series 2006 A Bonds subject to mandatory sinking fund redemption, as described in the Ordinance.

Disposition of Proceeds of Bonds

Upon the issuance and delivery of the Series 2006 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2006 A Bonds, if any, from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 A Bonds Sinking Fund and applied to payment of interest on the Series 2006 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2006 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2006 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2006 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2003 A Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 2003 A Bonds in full.

4. The amount of Series 2006 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2006 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with the Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2006 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 A Bonds Sinking Fund established in by the Ordinance and applied to the next ensuing payment of interest on the Series 2006 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 A Bonds from which such proceeds are derived.

5. The balance of Series 2006 A Bonds proceeds, if any, shall be deposited in the Series 2006 A Bonds Construction Trust Fund and disbursed as provided in the Ordinance.

Disbursements from the Series 2006 A Bonds Construction Trust Fund

Disbursements from the Series 2006 A Bonds Construction Trust Fund, except for payment of Costs of Issuance of the Series 2006 A Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Establishment of Funds and Accounts with Depository Bank

The following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided in the Ordinance:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Costs of Issuance Fund;

(5) Rebate Fund (established by the Prior Ordinances); and

(6) Series 2006 A Bonds Construction Trust Fund;

The following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided in the Ordinance:

(1) Series 2006 A Bonds Sinking Fund;

(a) Within the Series 2006 A Bonds Sinking Fund:

(i) Series 2006 A Bonds Reserve Account; and

(ii) Series 2006 A Bonds Redemption Account.

Application of Revenues

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund and in the Series 2006 A Bonds Redemption Account therein in the case of the Term Bonds which

are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

Moneys in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2006 A Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2006 A Bonds Reserve Account Requirement. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2006 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2006 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of the Ordinance.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank for deposit into the Operation and Maintenance Fund the amount necessary to pay the current Operating Expenses of the System.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2006 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 A Bonds Reserve Account below the Series 2006 A Bonds Reserve Requirement or any withdrawal from the Series 2006 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 A Bonds Reserve Account is less than the Series 2006 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 A Bonds Reserve Account for deposit into the Series 2006 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 A Bonds Reserve Account to an amount equal to the Series 2006 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2006 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2006 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2006 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2006 A Bonds Reserve Requirement.

Amounts in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 A Bonds when due, when amounts in the Series 2006 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Depreciation Fund a sum equal to not less than 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in any Reserve Account (so that the amount on deposit therein is at least equal to the applicable Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Funds (including the Reserve Accounts);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System; and

(d) Upon resolution of the Issuer, moneys in the Depreciation Fund in excess of $1,000,000 may be transferred by the Issuer to the Redemption Account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided in the Ordinance. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by the Ordinance.

C. If on any monthly payment date the Gross Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be

made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to the Ordinance and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2006 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required by the Ordinance.

Series 2006 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds

The payment of the debt service of all of the Series 2006 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, and all moneys in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A Bonds authorized by the Ordinance, and to make the payments into the Series 2006 A Bonds Sinking Fund, all moneys and securities in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, and all other payments provided for in the Ordinance, are hereby irrevocably pledged in the manner provided in the Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2006 A Bonds herein authorized by the Ordinance as the same become due and for the other purposes provided in the Ordinance.

Investments

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

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

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Depreciation Fund or the Series 2006 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2006 A Bonds Reserve Account to the Series 2006 A Bonds Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in the Series 2006 A Bonds Reserve Account an amount at least equal to the Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 A Bonds Reserve Account shall, at any time, be less than the Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Series 2006 A Bonds Sinking Fund and otherwise in accordance with the Ordinance.

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

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the Code of West Virginia, 1931, as amended.

Arbitrage

The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 A Bonds in such manner and to such extent as may be necessary, so that such Series 2006 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2006 A Bonds

will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Tax Certificate; Rebates and Rebate Fund

The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

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

Continuing Disclosure Certificate

The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

Rates

Prior to the issuance of the Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer, through the Ordinance, covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) so long as the Series 2005 A Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The Issuer, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Completion of Project; Operation and Maintenance

The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in the Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Issuance of Other Obligations Payable Out of Revenues
and General Covenant Against Encumbrances

The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in the Ordinance, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2006 A Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2006 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2006 A Bonds and the interest thereon in the Ordinance or upon the System or any part thereof.

Additional Parity Bonds

So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to the Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the Prior Bonds, or to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the

increased annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 1997 Bonds are no longer outstanding and the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% of Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2006 A Bonds, and all the covenants and other provisions of the Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2006 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2006 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding, if any (excluding the Depreciation Fund), and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Insurance and Bonds

So long as the Prior Bonds are outstanding, the Issuer shall procure, carry and maintain insurance and bonds and workers' compensation coverage pursuant to the provisions of the Prior

Ordinances. To the extent the provisions of the Prior Ordinances and the Ordinance are in conflict, the Issuer shall comply with the more stringent requirement. The Issuer, through the Ordinance, covenants and agrees, that so long as the Series 2006 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Depreciation Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Mandatory Sewer Connections

The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and

the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

No Free Services

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

Enforcement of Collections

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

No Competing Franchise

To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Operating Budget

So long as the Series 1997 Bonds are outstanding, the Issuer shall comply with the requirements of the ordinance authorizing the Series 1997 Bonds. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Report of Consulting Engineers. So long as the Series 1997 Bonds are outstanding, the Issuer shall, at least once each year retain recognized qualified independent Consulting Engineers to review the operation, maintenance and repair of the System and to report to the Issuer in writing their recommendations and comments pertaining to the System, including the rate coverage of the System for the Fiscal Year. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available, upon request, to the Original Purchaser, any Bond Insurer and any Bondholder. Upon the payment of the Series 1997 Bonds, such report shall not be required.

Events of Default

Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

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

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

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Enforcement

Upon the happening and continuance of any Event of Default, any Holder of any Bond or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Bonds;

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

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

No remedy by the terms of the Ordinance conferred upon or reserved to the Holders 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 Holders hereunder or now or hereafter existing at law or by statute.

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

No waiver of any default or Event of Default hereunder by the Holders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Appointment of Receiver

If there be any Event of Default existing and continuing, any Holder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2006 A Bonds, the deposits into the funds and accounts established by the Ordinance as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and

control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2006 A Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of the Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

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

Defeasance, Discharge of Pledge of Ordinance

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 A

Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2006 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2006 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2006 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Amendment of Ordinance

The Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Holder or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2006 A Bonds, provided that, in the event any of the Series 2006 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2006 A Bonds or the rights of the applicable Bond Insurer for such Series 2006 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 A Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2006 A Bonds required for consent to any such modification or amendment.

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APPENDIX F

FORM OF BOND INSURANCE POLICY

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FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

APPENDIX G

FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and among the City of Wheeling, West Virginia, a governmental instrumentality and political subdivision of the State of West Virginia (the "Issuer"), and WesBanco Bank, Inc., Wheeling, West Virginia (the "Dissemination Agent"), in connection with the issuance of $_____ City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds"). The Bonds are being issued pursuant to the bond ordinance enacted by the Council of the Issuer enacted on July 5, 2006, and supplemental resolutions adopted by the Council of the Issuer on August 1, 2006 and September 5, 2006 (collectively, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "Central Post Office" or "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Purchase Contract dated September __, 2006, which apply to any capitalized term used in the Agreement 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 Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, 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 Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"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).

"Central Post Office" means the Texas Municipal Advisory Council ("MAC") (http://www.disclosureusa.org) or any successor or alternative entity approved by the United States Securities and Exchange Commission.

"Dissemination Agent" shall initially mean WesBanco Bank, Inc. or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository arid the State Repository.

"Rule" shall mean Rule 1 5c2-12(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 the Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2007, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. 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 the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Issuer's fiscal year changes, the Issuer 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 Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in

compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Central Post Office for delivery 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 Central Post Office for delivery to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, 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 the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided and listing the Central Post Office and all the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2007 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to the Central Post Office for delivery to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information repository ("State Repository"), information and data of the Issuer for the prior fiscal year, including the audited financial statements, prepared in accordance with generally accepted auditing 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 Issuer 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 Issuer 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 Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the 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 thaws 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 General Resolution;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to the Central Post Office and the Municipal Securities Rulemaking Board for delivery to the National Repository and the State 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 Resolution.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer 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. WesBanco Bank, Inc., Wheeling, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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 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 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 Bonds in the same manner as provided in the Resolution for amendments to the Resolution 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 Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer 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 by the Issuer, 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 the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement 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 the Agreement. If the Issuer 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 the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it is 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 Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	The City of Wheeling 1500 Chapline Street Wheeling, WV 26003
To the Dissemination Agent:	WesBanco Bank, Inc., Wheeling Bank Plaza Wheeling, WV 26003

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Date: September __, 2006

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

WESBANCO BANK, INC., N.A., as Dissemination Agent

By: _____

Its: _____

{C1105605.3}

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Wheeling

Name of Issue: $_____ City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Date of Issuance: September __, 2006

Notice is hereby given that the Issuer 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 Issuer anticipates that the Annual Report will be filed by

Dated this ____ day of_____, 20_.

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

{C1105605.3}

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of September 1, 2006

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

{C1105605.3}

NEW ISSUE-FULL BOOK ENTRY

Rating: (See "Ratings" herein)

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, interest on the Series 2006 A Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2006 A Bonds and the interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof. See "TAX MATTERS" herein.

$12,000,000
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

Dated: Date of Delivery **Due: June 1, as shown inside**

The Series 2006 A Bonds shall be issued only as fully registered Series 2006 A Bonds, 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 and beneficial owners of the Series 2006 A Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2006 A Bonds, payments of the principal of and interest on such Series 2006 A Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2006 A BONDS--Book-Entry Only System" herein).

The Series 2006 A Bonds are being issued to provide funds, together with other funds available therefor; (i) to refund the City's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Refunded Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion (the "Project") of the City's combined waterworks and sewerage system (the "System"); (iii) to fund a reserve account for the Series 2006 A Bonds; and (iv) to pay certain costs of issuance and related costs.

The Series 2006 A Bonds are payable from and further secured by the Gross Revenues, as herein defined, derived from the System, and any additions, betterments and improvements thereto, and from funds on deposit in the sinking funds created therefor, including the reserve accounts established therein. The Series 2006 A Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2006 A Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of or the premium, if any, or interest on the Series 2006 A Bonds.

The scheduled payment of principal of and interest on the Series 2006 A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2006 A Bonds by FINANCIAL SECURITY ASSURANCE INC.

The Series 2006 A Bonds are subject to redemption prior to maturity as more fully stated herein.

WesBanco Bank, Inc., Wheeling, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2006 A Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007. Principal of the Series 2006 A Bonds is payable on each June 1 set schedule set forth on the following page.

The Series 2006 A Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the City by Rose Humway-Warmuth, Esq., Wheeling, West Virginia, counsel to the City. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2006 A Bonds will be available for delivery at DTC, New York, New York, on or about September 26, 2006.

FERRIS, BAKER WATTS, INCORPORATED

September 12, 2006

MATURITIES, AMOUNTS AND INTEREST RATES

Series 2006 A Bonds
$2,570,000 Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	CUSIP*
2008	$215,000	3.750%	100.287%	963270DS9
2009	$225,000	3.750%	100.427%	963270DT7
2010	$235,000	3.750%	100.474%	963270DU4
2011	$240,000	3.750%	100.465%	963270DV2
2012	$250,000	3.750%	100.351%	963270DW0
2013	$260,000	4.000%	101.579%	963270DX8
2014	$270,000	4.000%	101.450%	963270DY6
2015	$280,000	4.125%	102.156%	963270DZ3
2016	$290,000	4.125%	101.876%	963270EA7
2017	$305,000	4.125%	101.391%	963270DR1

$1,365,000 5.000% Term Bonds, Due June 1, 2021 at 106.549% 963270EB5
$2,095,000 4.250% Term Bonds, Due June 1, 2026 at 98.291% 963270EC3
$2,970,000 5.250%Term Bonds, Due June 1, 2036 at 106.554% 963270ED1
$3,000,000 4.750% Term Bonds, Due June 1, 2036 at 100.999% 963270EE9

*CUSIP data on this 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 Holders of the Bonds only at the time of issuance of the Bonds and none of the City or the Underwriter 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 Bonds.

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 2006 A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City of Wheeling, West Virginia, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City of Wheeling and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Wheeling, West Virginia, since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security") contained under the caption "Bond Insurance" and Exhibit F specimen "Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2006 A Bonds; or (iii) the tax exempt status of the interest on the Series 2006 A Bonds.

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CITY OF WHEELING, WEST VIRGINIA

MAYOR
Nicholas A. Sparachane

CITY MANAGER
Robert Herron

COUNCIL
Gloria Delbrugge
Vernon E. Seals
Robert Henry
Brent Bush
Mike Nau
Barry Crow

CITY ADMINISTRATION

Janice L. Jones - City Clerk
William Huggins - Water Superintendent
Philip E. Kowalski - Water Treatment Plant Manager

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

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OFFICIAL STATEMENT

relating to

$12,000,000
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

September 12, 2006

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Wheeling, West Virginia (the "City"), the municipal water portion of the City's Combined waterworks and sewerage system (the "System") and the City's $12,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"). The Series 2006 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance enacted by the Council of the City on July 5, 2006 (the "Bond Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on August 1, 2006 (the "Supplemental Resolution") and second supplemental and amendatory resolution adopted by the Council on September 5, 2006 (the "Second Supplemental Resolution," and collectively with the Bond Ordinance and the Supplemental Resolution, hereinafter the "Ordinance"). Certain capitalized terms used and not defined herein shall have the meanings set forth in the Ordinance.

The proceeds of the Series 2006 A Bonds, together with other funds available therefor, will be used as follows: (i) to refund the City's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Refunded Bonds"); (ii) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion (the "Project") of the City's System; (iii) to fund a reserve account for the Series 2006 A Bonds; and (iv) to pay certain costs of issuance and related costs.

There are outstanding obligations of the City which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000, and currently outstanding in the principal amount of $11,720,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds").

Simultaneously with the issuance of the Series 2006 A Bonds, a portion of the proceeds will be used to refund the Refunded Bonds.

The Series 2006 A Bonds and the Prior Bonds are payable from and secured by the Gross Revenues, as defined in the Ordinance, derived from the System and any additions, betterments and improvements thereto, and from funds on deposit in the Sinking Funds, including the Reserve Accounts therein. The Series 2006 A Bonds do not constitute corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Series 2006 A Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. See "SECURITY FOR THE SERIES 2006 A BONDS - Rate Covenant."

The City may issue additional bonds on a parity with the Series 2006 A Bonds. See "SECURITY FOR THE SERIES 2006 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2006 A Bonds, the Ordinance the Project, the System, the City, the Undertaking and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, the Undertaking, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2006 A Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Ordinance.

Bond Insurance

Payments of principal of and interest on the Series 2006 A Bonds when due for payment and unpaid by reason of nonpayment under the circumstances hereinafter described, including any such payment of principal or interest made to any Registered Owner of Series 2006 A Bonds which has been recovered from such registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, non-appealable order of a court having competent jurisdiction, will be insured by municipal bond insurance policies to be issued by Financial Security Assurance Inc. (the "Bond Insurer"). See "BOND INSURANCE."

FINANCING PLAN

The Project

The Series 2006 A Bonds are being issued to provide moneys for the payment of the Refunded Bonds, for acquiring and constructing certain extensions, additions, betterments and improvements to the water portion of the System, specifically including, but not limited to, the construction of upgrades to the distribution system, which include the replacement of deteriorated water lines, improvements to the Wheeling Park booster pumping station and improvements to the Supervisory Control and Data Acquisition System, together with all appurtenant facilities, at a cost of approximately $11,000,000 (collectively, the

"Project"), in accordance with the plans and specifications prepared by the Gannett Fleming, Inc., Harrisburg, Pennsylvania and Burgess & Niple, Inc., Parkersburg, West Virginia Consulting Engineers.

The City has received from the Public Service Commission of West Virginia (the "PSC") an order in Case No. 05-1807-W-CN granting the City a Certificate of Convenience and Necessity for the construction of the Project. The order became final on May 24, 2006. The City has received bids for the Project compatible with the proposed financing. The City estimates a 12-month construction schedule.

Sources and Uses of Bond Proceeds

Sources of Funds

Principal Amount of Series 2006 A Bonds	$	12,000,000.00
Net Original Issue Premium		306,639.45
Transfer from Series 2003 A Bond Funds		182,666.00
TOTAL	$	12,489,305.45

Uses of Funds

Payment of Refunded Bonds	$	439,844.33
Deposit to Reserve Account (1)		775,237.50
Underwriter's Discount		117,000.00
Costs of Issuance (2)		302,676.63
Deposit to Construction Fund		10,854,546.99
TOTAL	$	12,489,305.45

(1) An amount equal to the annual maximum amount of principal and interest which will come due on the Series 2006 A Bonds.

(2) Includes bond insurance premium.

THE SERIES 2006 A BONDS

General

The Series 2006 A Bonds are dated the date of delivery and bear interest from said date upon original issuance. Any Series 2006 A Bonds issued on or subsequent to said first interest payment date will be dated as of the Interest Payment Date next preceding the date of authentication thereof; unless the date of authentication is after the Record Date but prior to the applicable Interest Payment Date or on such Interest Payment Date on which interest on said Bond shall have been paid in full or duly provided for, in which case said Bond shall be dated such Interest Payment Date; or, if interest on such Bond shall be in default, as shown by the records of the Registrar, as defined below, then any Bond issued in exchange for a Bond surrendered for transfer or exchange shall be dated as of the date to

which interest has been paid in full. The Series 2006 A Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year, commencing June 1, 2007 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bond is called for prior redemption and payment on such date is provided for.

The Series 2006 A Bonds will be issued as fully registered Series 2006 A Bonds in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 2006 A Bonds shall be payable by check or draft made payable and mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner thereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Series 2006 A Bonds, by notice given to the Registered Owners at the address of such Registered Owner as it appears on the registration books of the City maintained by WesBanco Bank, Inc., N.A., Wheeling, West Virginia, as registrar (in such capacity, the "Registrar") or, at the option of any Registered Owner of $1,000,000 or more of the Series 2006 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such Registered Owner. Principal of and premium, if any, on the Series 2006 A Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any Bond may be transferred only by transfer of registration presented to the Registrar by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a Bond, there will be issued another Bond or Series 2006 A Bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond. For every exchange or transfer of Series 2006 A Bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2006 A Bonds that have been called for redemption.

Book-Entry Series 2006 A Bonds

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2006 A Bonds. The Series 2006 A Bonds will be issued as fully-registered bonds 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 bond will be issued for each maturity of the Series 2006 A Bonds, 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 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of the Series 2006 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2006 A Bonds 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 Series 2006 A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2006 A Bonds, except in the event that use of the book-entry system for the Series 2006 A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2006 A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2006 A Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006 A

Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2006 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2006 A Bonds, such as redemptions, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the Series 2006 A Bonds may wish to ascertain that the nominee holding the Series 2006 A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2006 A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2006 A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2006 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption payments on the Series 2006 A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the 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 the Series 2006 A Bonds 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], the Paying Agent, or the City, 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 the City or the 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 depository with respect to the Series 2006 A Bonds at any time by giving reasonable notice to the City or the Paying

Agent. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

No Assurance Regarding DTC Practices

The City cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2006 A Bonds (1) payments of principal of or interest and premium, if any, on the Series 2006 A Bonds, (2) confirmation of beneficial ownership interest in the Series 2006 A Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2006 A Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the City nor the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2006 A Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to Bondholders; or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2006 A Bonds.

Optional Redemption

The Series 2006 A Bonds maturing on or after June 1, 2016 are subject to redemption prior to maturity at the option of the City at par.

Mandatory Sinking Fund Redemption

The Series 2006 A Bonds maturing June 1, 2021, June 1, 2026 and June 1, 2036, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection 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 2006 A Bonds Maturing June 1, 2021

Year (June 1)	Principal Amount
2018	$315,000
2019	$335,000
2020	$350,000
2021*	$365,000

Series 2006 A Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2022	$385,000
2023	$400,000
2024	$420,000
2025	$435,000
2026*	$455,000

Series 2006 A Bonds 5.25% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$235,000
2028	$250,000
2029	$260,000
2030	$275,000
2031	$285,000
2032	$300,000
2033	$315,000
2034	$335,000
2035	$350,000
2036*	$365,000

Series 2006 A Bonds 4.75% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$240,000
2028	$250,000
2029	$265,000
2030	$275,000
2031	$290,000
2032	$305,000
2033	$320,000
2034	$335,000
2035	$350,000
2036*	$370,000

*Final maturity.

SECURITY FOR THE SERIES 2006 A BONDS

The Series 2006 A Bonds are special obligations of the City and are payable as to principal, premium, if any, and interest solely from the sources described below. The City is under no obligation to pay the Series 2006 A Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2006 A Bonds shall be secured equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Owners of the Prior Bonds, and all moneys in the Sinking Fund for the Series 2006 A Bonds, including the Reserve Account therein. Gross Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Prior Bonds and the Series 2006 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Prior Bonds and the Series 2006 A Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The City covenants and agrees in the Ordinance that the schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City, through the Ordinance, covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) after the Series 1997 Bonds are no longer outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a

parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The City, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the aboverequired coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Rates."

The rate covenant set forth above was approved by an amendment to the Series 1997 Bonds Ordinance by the Series 1997 Bonds insurer, FGIC, on August 18, 2006.

Reserve Account

Pursuant to the Ordinance there will be created with the Bond Commission in the Sinking Fund a Reserve Account which will be funded from proceeds in an amount equal to the reserve requirement. Moneys in the Reserve Account shall be used only to pay principal of, or interest on the Series 2006 A Bonds as due when other moneys in the Sinking Fund are insufficient therefor; provided, that any such moneys in excess of the Series 2006 A Bonds Reserve Account Requirement shall be withdrawn semi-annually from the Reserve Account and deposited in the Series 2006 A Sinking Fund. The City is required to restore any withdrawals from the Reserve Account as follows: to the extent Gross Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 A Bonds Reserve Account to an amount equal to the Series 2006 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2006 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2006 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, provided that such restoration is not required when the sum in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate amount of Series 2006 A Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2006 A Bonds. See, "Appendix E - Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

The reserve account for the Series 1997 Bonds is fully funded. The City will fund the reserve account for the Series 2005 A Bonds over a ten year period. Simultaneously

with the issuance of the Series 2006 A Bonds, the City will fund the Reserve Account to the reserve requirement from Bond proceeds.

Depreciation Fund

The City is required after the payments into the Sinking Fund described above and after the payment of Operating Expenses, on the first day of each month. to transfer to the Depreciation Fund a sum equal to five percent (5%) of the Gross Revenues each month, exclusive of any payment for any Reserve Accounts.

Withdrawals and disbursements from the Depreciation Fund shall be made by the City to make up any deficiency in any Reserve Account, for the payment of the principal or interest on bonds, for payment of reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System and under certain circumstances to optionally redeem or purchase bonds. See, "Appendix E -- Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Depository Bank, for disposition in the following order of priority (except as described below): (1) first, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the interest on and principal of the Prior Bonds; (ii) beginning seven months prior to the first interest payment date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semi-annual interest payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semi-annual interest payment date or mandatory Redemption Date, the required amount of interest coming due on such date), and (iii) beginning 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Sinking Fund, and the Series 2006 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date); (2) next, to pay from the Revenue Fund, the current monthly Operating Expenses of the System; (3) on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2006 A Bonds Reserve Account, an amount sufficient to remedy any

decrease in value of the Series 2006 A Bonds Reserve Account below the Series 2006 A Bonds Reserve Requirement or any withdrawal from the Series 2006 A Bonds Reserve Account; and (4) on the first day of each month, transfer to the Depreciation Fund a sum equal to not less than 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Application of Revenues."

As described under "Sources of Payment" above, the Series 2006 A Bonds payments and the Prior Bonds payments are on a parity with each other and are secured by the Gross Revenues of the System.

Enforcement of Collections

The City covenants in the Ordinance to diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State. Such fees, rates, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all delinquent amounts, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on a parity with the Series 2006 A Bonds with respect to their lien on the Gross Revenues of the System and their source of and security for payment from said Gross Revenues (the "additional parity Bonds") for the following purposes and under the following conditions:

No such additional parity Bonds shall be issued except for the purpose of (i) financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Series 2006 A Bonds; (iii) repaying claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the City a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the increased annual Net Revenues expected to be

received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

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

So long as the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the City, the period for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the City prior to the issuance of such additional parity Bonds. See "Appendix E – Summary of Certain Provisions of the Ordinance as Supplemented and Amended – Additional Parity Bonds."

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2006 A Bonds, the Bond Insurer will issue its Municipal Bond Insurance Policy for the Series 2006 A Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2006 A Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Description of the Bond Insurer - Financial Security Assurance Inc.

Financial Security Assurance Inc. (herein this Section, "Financial Security") is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At June 30, 2006, Financial Security's combined policyholders' surplus and contingency reserves were approximately $2,514,378,000 and its total net unearned premium reserve was approximately $1,937,740,000 in accordance with statutory accounting principles. At June 30, 2006, Financial Security's consolidated shareholder's equity was approximately $2,889,984,000 and its total net unearned premium reserve was approximately $1,556,639,000 in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2005 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14 or 15(d) of the

Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Series 2006 A Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Series 2006 A Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Series 2006 A Bonds or the advisability of investing in the Series 2006 A Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the City the information presented under this caption for inclusion in the Official Statement.

THE CITY

The City is a political subdivision and Class II City of the State of West Virginia. Located in Ohio County (as the seat of County government) in the northern panhandle of West Virginia, the City is the third largest city in the State and has a population of approximately 30,000 (approximately 150,000 in the metropolitan area) (2000 Census). (See "Appendix A – City of Wheeling and Ohio County" herein).

City Government

The City Government is organized under the "Manager-Mayor Plan," which is Plan V of the charter plans authorized by Chapter 8, Article 3, Section 2 of the Code of West Virginia, 1931, as amended. Within the provisions of this Plan, the City elects a Council comprised of six members, on a ward basis, and of a Mayor, at large, each for four (4) year, non-staggered, terms. Council appoints a City Manager, who may only be removed upon the vote of five of the seven elected officials. Council, including the Mayor, constitutes the governing body of the City. The City Manager is the administrative authority. The City Manager manages the affairs of the City under the supervision of the Council and is responsible to such Council. The City Manager appoints or employs all subordinates and employees for whose duties or work he is responsible to the Council.

	Term Expires	Occupation
Nicholas A. Sparachane, Mayor	June 1, 2008	Accordia – Senior Vice President of Insurance Sales
Gloria Delbrugge, Council Member	June 1, 2008	Retired (former Fed Ex delivery person)
Vernon E. Seals, Council Member	June 1, 2008	Bus Driver - OVRTA
Robert Henry, Council Member	June 1, 2008	Retired (former Wheeling City Police officer)
Brent Bush, Council Member	June 1, 2008	Wheeling Jesuit University, Development Office
Mike Nau, Council Member	June 1, 2008	Diocese of Wheeling-Charleston, Human Resource Director

Barry Crow, Council Member	June 1, 2008	Mortgage Broker/Owner-Sunset Mortgage

Janice L. Jones, City Clerk, appointed by Council
Robert Herron, City Manager, appointed by Council

Robert Herron, City Manager

Robert Herron attended West Liberty State College graduating in 1983 with a degree in Business Administration. Mr. Herron worked for the Bel-O-Mar Regional Council of Governments from August 1983 until May 1985. Mr. Herron served as the Assistant City Manager in Belleville, Michigan from November 1987 until February 1992, when he became the City Manager of Conneaut, Ohio. Mr. Herron served the City of Conneaut until February 2002 when he became the City Manager for the City. Mr. Herron has 22 years of public administration experience that includes numerous economic development projects, including downtown redevelopment.

Rosemary Humway-Warmuth, Esquire

Rosemary Humway-Warmuth is in her ninth year of service as the City Solicitor for the City of Wheeling, West Virginia. She also serves as contracted legal counsel for the City of Wellsburg, West Virginia. She is in her seventh year as the International Municipal Lawyers Association (IMLA) State Chairperson for West Virginia and has received certification as a Municipal Law Fellow signifying legal expertise in local government practice and is a member of the 2006-07 IMLA Policy Advisory Committee. She is a member of the Municipal League of West Virginia's Legislative Review Committee and recently completed extensive work on behalf of the Municipal League and the West Virginia Municipal Attorneys Association in crafting the state legislature's amendments to the laws affecting eminent domain in the wake of the Kelo case. She is the secretary for the State of West Virginia Municipal Attorneys Association and is a member of the Ohio County Bar Association, along with the West Virginia Bar Association and has served as a speaker or moderator at several seminars and Continuing Legal Education forums with focus on municipal law.

Prior to her appointment as Assistant City Solicitor for the City of Wheeling, Ms. Humway-Warmuth was employed as an Assistant Attorney General for the State of West Virginia from 1994 to 1997 serving as legal counsel for State colleges and universities throughout West Virginia. In that capacity, she provided legal counsel for the boards of trustees and directors of the various colleges and universities. Prior to practicing in West Virginia, Ms. Humway-Warmuth received her Juris Doctor degree from Thomas M. Cooley School of Law in Lansing, Michigan where she served as an Assistant Editor of Law Review and received awards for Outstanding Service to the Law Review as well as numerous American Jurisprudence Awards. She also taught, and continues to teach, Forensic Evidence and Trial Techniques as an Adjunct Professor at Bethany College in West Virginia.

THE SYSTEM

The City commenced the operation of a public water system over 165 years ago and has provided a system of storm and sanitary sewers since the late 1800's. The City has

always operated its water system. However, beginning in 1954 at the time of construction of the City's first sewage treatment plant, until 1982, the sewerage system was operated, maintained and controlled by a Sanitary Board, independent of City Council, pursuant to Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended. In 1982, the City terminated the Sanitary Board and transferred control of the Sewerage System to the City under the jurisdiction of the Water Pollution Control Division, and separate from the Water Department. The description of the operations and financial affairs of each, as described in Appendix B, is separate and distinct, as each continues to be operated on an individual basis.

Coverage Ratios

Under the Ordinance, the City has covenanted to collect fees and charges which shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. See "SECURITY FOR THE SERIES 2006 A BONDS -- Rate Covenant."

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2003 through June 30, 2006 and projected debt service coverage ratio for the fiscal years ended June 30, 2007 through 2008. See "Appendix B - The System" and "Appendix C - Financial Statements of the City".

Historical and Projected Debt Service Coverage (Fiscal Year Ended June 30)

	Historical			Estimated	Projected	
	2003	2004	2005	2006	2007	2008
GROSS REVENUES (1)						
Operating Revenues - Sewer	4,148,237	4,917,437	4,491,240	4,385,303	4,871,302	5,357,303
Operating Revenues - Water	4,251,698	4,254,610	4,425,808	4,400,184	5,665,911	5,823,683
Plus: Other Income and Contributions	106,972	55,744	473,838	104,349	128,443	139,821
Plus: Unrealized Annual Revenues from Approved Rate Increases - Sewer	---	1,281,251	972,000	972,000	486,000	---
Plus: Unrealized Annual Revenues from Approved Rate Increases - Water	---	109,835	---	1,423,499	157,771	---
Gross Revenues to pay Operating Expenses	8,506,906	10,618,878	10,362,886	11,285,334	11,309,428	11,320,806
OPERATING EXPENSES (2)						
Operating Expenses - Sewer	4,239,833	4,595,630	4,465,634	4,441,305	4,441,305	4,441,305
Operating Expenses - Sewer	3,831,254	3,845,688	4,009,362	4,039,406	4,071,239	4,071,239
Less: Depreciation and Adjustments	(1,922,889)	(1,958,944)	(1,712,465)	(1,886,895)	(1,883,548)	(1,844,441)
Operating Expenses for Debt Service Coverage	6,148,199	6,482,375	6,762,530	6,593,817	6,628,996	6,668,103
NET REVENUES	2,358,707	4,136,503	3,600,356	4,691,518	4,680,432	4,652,703
MAXIMUM ANNUAL DEBT SERVICE	1,973,796	1,963,215	2,844,643	2,844,643	3,618,510	3,618,510
DEBT SERVICE COVERAGE	120%	211%	127%	165%	129%	129%

(1) Operating Revenues for sewer in FY 2004 include an EPA grant of $493,800 and certain miscellaneous income. Projected Operating Revenues for FY 2006 and 2007 reflect no increase or decrease related to useage or changes to the customer base. A water rate increase was approved and put into effect on December 5, 2003, and two sewer rate increases were approved on March 2, 2004. The first sewer rate increase was put into effect on April 3, 2004 and the second sewer rate increase is anticipated to be put into effect on October 8, 2006 for the payment of debt service on the Series 2005 A Bonds. A second water rate increase was approved and put into effect on June 3, 2006 for payment of debt service on the Series 2006 A Bonds. Amended language to the Ordinance for the Series 1997 Bonds was approved by FGIC on August 18, 2006, providing for unrealized revenues from rate increases to be included in the Debt Service Coverage calculation. Projected Other Income and Contributions include estimated interest earnings on the Series 2006 A reserve fund for FY 2007 and FY 2008 and $369,488 in FEMA grant funds for FY 2005.

(2) No pro forma adjustments have been made to Operating Expenses for 2007 and 2008. Expense adjustments for 2006 were made per Rule 42. Includes Series 2003 Design Loan payments of $128,472 for FY 2004, $244,469 for FY 2005 and $39,402 for FY 2006 since the Series 2003 was not issued on parity with the Prior Bonds. Includes annual administrative expenses for the Series 2005 A Bonds of $39,107 for FY 2007 and $78,214 for FY 2008.

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which Prior Bonds and the Series 2006 A Bonds will be outstanding the amounts payable from Gross Revenues.

Fiscal Year (June 30)	Series 1997	Series 2005	Series 2006 A Principal	Series 2006 A Interest	Total
2007	1,957,710	440,714		378,861	2,777,285
2008	1,957,872	881,428	215,000	556,694	3,610,994
2009	1,960,420	881,428	225,000	548,631	3,615,479
2010	1,961,888	881,428	235,000	540,194	3,618,510
2011	1,963,138	881,428	240,000	531,381	3,615,947
2012	1,963,215	881,428	250,000	522,381	3,617,025
2013	696,687	881,428	260,000	513,006	2,351,121
2014	699,100	881,428	270,000	502,606	2,353,135
2015	694,725	881,429	280,000	491,806	2,347,960
2016	693,562	881,427	290,000	480,256	2,345,246
2017		881,428	305,000	468,294	1,654,722
2018		881,428	315,000	455,713	1,652,141
2019		881,428	335,000	439,963	1,656,390
2020		881,428	350,000	423,213	1,654,641
2021		881,428	365,000	405,713	1,652,141
2022		881,428	385,000	387,463	1,653,890
2023		881,429	400,000	371,100	1,652,529
2024		881,427	420,000	354,100	1,655,527
2025		881,428	435,000	336,250	1,652,678
2026		881,428	455,000	317,763	1,654,190
2027		440,714	475,000	298,425	1,214,139
2028			500,000	274,688	774,688
2029			525,000	249,688	774,688
2030			550,000	223,450	773,450
2031			575,000	195,950	770,950
2032			605,000	167,213	772,213
2033			635,000	136,975	771,975
2034			670,000	105,238	775,238
2035			700,000	71,738	771,738
2036			735,000	36,738	771,738
Total	14,548,317	17,628,562	12,000,000	10,785,486	54,962,365

RATINGS

Standard & Poor's Ratings Group ("Standard & Poor's") is expected to assign this issue the rating of "AAA" on the understanding that the standard Municipal Bond Insurance Policy of FSA guaranteeing the timely payment of principal of and interest on the Series 2006 A Bonds will be issued upon delivery of the Series 2006 A Bonds. The City did not apply for any other ratings. Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's. There is no assurance that a particular rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Amy downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2006 A Bonds.

Except as provided under "Continuing Disclosure" herein, neither the City nor the Underwriter have undertaken any responsibility to take any action with respect to possible changes in such rating or to bring any such changes to the attention of the Series 2006 A Bondholders.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City or the Project (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the City's financial position or on the validity of the Series 2006 A Bonds, the Ordinance, the Project, or any agreement to which the City is a party and which is a part of the issuance of the Series 2006 A Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2006 A Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the City by its counsel, Rose Humway-Warmuth, Esq., Wheeling, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

In the opinion of Steptoe & Johnson, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 A 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. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Under existing West Virginia law, the Series 2006 A Bonds and the interest

thereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The opinions described above are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 A Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2006 A Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2006 A Bonds.

Original Issue Discount/Original Issue Premium

The initial public offering price of the 2006 Series A Bonds maturing on June 1, 2026 (the "Discount Bonds") is less than that amount payable on such Discount Bonds at maturity. The difference between the initial public offering price at which such Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Bond Counsel is of the opinion that amounts received upon such disposition, which are attributable to accrued OID, will be treated as tax-exempt interest, rather than as taxable gain for Federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amount among the days in such compounding period.

Holders of Discount Bonds should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The 2006 Series A Bonds maturing on June 1, 2008 through 2017, each inclusive, June 1, 2021, and June 1, 2036, ("OIP Bonds"), will be sold with an original issue premium ("OIP"). The original issue premium will be equal to the excess of a holder's tax basis in the OIP Bonds over the amount payable at maturity, or in the case of OIP Bonds subject to

redemption, the amount payable on the redemption date. Under current law, the original issue premium for OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bonds be deducted from the holder's tax basis in such OIP Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed. Holders of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable original issue premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.

UNDERWRITING

Ferris, Baker Watts, Incorporated, as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2006 A Bonds from the City at an aggregate purchase price of $12,189,639.45 (par less Underwriters' discount of $117,000 plus net original premium of $306,639.45). The Underwriter will be obligated to purchase all of the Series 2006 A Bonds if any are purchased. The Series 2006 A Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

INDEPENDENT AUDITORS

The financial statements as of June 30, 2005, and for the year then ended, included as Appendix C in this Official Statement, have been audited by Bodkin Wilson & Kozicki, independent auditors, as stated in their report appearing herein and the unaudited financial statements, included as Appendix C in this Official Statement, as of April 30, 2006, have been prepared by Bodkin Wilson & Kozicki.

CONTINUING DISCLOSURE

The City has agreed in the Supplemental Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2006 A Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of the fiscal year of the City, commencing in 2007, and to provide the Annual Information to the Central Post Office, as defined in the Continuing Disclosure Agreement delivered by the City at closing, the form of which is included in Appendix G hereto, for delivery to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository"), if any, and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the City to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The City has agreed to give notice in a timely manner to the Central Post Office for delivery to each

National Repository, or the MSRB, 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 2006 A Bonds. Registered Owners may contact the City Manager of the City at City County Building, Wheeling, West Virginia 26003, (304) 234-3617 (rherron@cityofwheelingwv.org) for more information.

The City previously entered into a Continuing Disclosure Agreement, dated December 19, 1996 (the "1997 Agreement") with respect to the issuance of the Series 1997 Bonds. The 1997 Agreement required that the City provide annual financial information to the Repositories no later than 180 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 1998. The City later approved a continuing disclosure agreement (the "2003 Agreement") which provides for disclosure within 300 days. The City has not met the 180 day requirement of the 1997 Agreement but has provided annual financial information within the 300 days required by the 2003 Agreement.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2006 A Bonds.

Copies of the Ordinance, the Supplemental Parameters Resolution, the Second Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

City of Wheeling
City County Building
Wheeling, West Virginia 26003
(304) 234-3617
Attention: City Manager
E-Mail: rherron@cityofwheelingwv.org

or, during the period of offering the Series 2006 A Bonds, from the Underwriter. Ongoing financial information may be obtained from the City at the address set forth above.

The execution and distribution of this Official Statement has been duly authorized by the City.

CITY OF WHEELING, WEST VIRGINIA

By: /s/ Nicholas A. Sparachane
Mayor

By: /s/ Robert Herron
City Manager

Dated: September 12, 2006

APPENDIX A

CITY OF WHEELING AND OHIO COUNTY (WEST VIRGINIA) ECONOMIC AND DEMOGRAPHIC DATA

Introduction

The City of Wheeling, founded in 1769 and incorporated in 1836, encompasses approximately 11.2 square miles of land and is located along the Ohio River between Ohio and Pennsylvania in the Northern Panhandle of West Virginia. The City lies approximately 60 miles southwest of Pittsburgh, Pennsylvania and over half of the country's population is within a five-hundred mile radius. This is due to Interstate 70, a major east-west route, running through the City. It connects with Interstate 79, thirty-two miles east of Wheeling, and interstate 77, fifty miles west. The Wheeling-Ohio County Airport located just less than twelve miles from downtown also serves the City as well as the Greater Pittsburgh International Airport, just less than an hour's drive from Wheeling.

Wheeling is the largest city in the Wheeling-Belmont County (Ohio) Metropolitan Statistical Area that includes Ohio and Marshall Counties, West Virginia, and Belmont County, Ohio. The demographic and economic data provided is for the Wheeling Metropolitan Statistical Area.

Population

Wheeling Metropolitan Statistical Area:	149,498 (2004)
Marshall County, WV:	34,337 (2005)
Ohio County, WV:	45,112 (2005)
Belmont County, OH:	69,800 (2003)

Utilities

Electricity:	American Electric Power:
Natural Gas:	Mountaineer Gas Company:
Telephone:	Verizon
Water/Sewage:	Municipally owned and operated

Libraries

The Ohio County Public Library has more than 85,000 volumes, plus newspapers, magazines, videos, and audio tapes. Total circulation exceeds 291,945 volumes. The library also has the Internet, CD-Rom data bases and word processing for public access. The collection features historical and genealogical data.

Health Care

There is excellent health care with many hospitals, clinics and medical centers.

Education

The educational system is comprised of 12 public schools, 10 parochial schools and private schools. There are 8 colleges within the area.

Communications

The area is serviced by both daily and weekly newspapers; numerous radio stations and a number of TV stations.

Transportation

Air, rail, public and private transit and highways make connections to other areas quick and convenient. There are 4 Interstate highways in addition to the US, WV, and Ohio routes. The Ohio River with 12 barge lines and barge services is in this area.

Financial Institutions

More than 20 in the metro area.

Technology

Wheeling grew to prominence in the 19th Century with iron, steel, mining and glassmaking industries. The city now embraces the new technology of electrons and the silicon chip. A development that stands to enhance life in Wheeling in the years to come is the forming of partnerships between business and industry and schools and colleges. One of the brightest examples of this is Wheeling Jesuit University's cooperative venture with the National Technology Transfer Center and the NASA "Classroom of the Future," located in the Erma Ora Byrd Center for Educational Technologies ("CET").

The CET opened its doors in November, 1994 on Wheeling Jesuit University's campus. Working with NASA and West Virginia's congressional leadership, Wheeling Jesuit developed the CET as a local, regional and national education source for students and teachers, parents, business and industry, as well as government agencies.

The NASA Classroom of the Future (COTF) in the CET is the space agency's premier research and development program for educational technologies. The goal of the COTF is to enhance the learning and teaching process for math, science, technology and geography education using advanced computer, telecommunications and multimedia technologies.

The National Technology Transfer Center (NTTC) on Wheeling Jesuit's campus, chartered in 1989 through federal legislation, moves government research from federal laboratories into the hands of U.S. businesses and puts America's leading-edge technologies to work. The NTTC helps with federal technology identification, licensing, prototyping and other commercialization services.

As a national information resource on available technology and technology transfer processes, NTTC is home to more than two million documents on science and technology. It offers Market and Technology Assessment; Technology Access; Professional Development; Commercialization and Technology Gateway Services.

The private sector is also playing a role in establishing Wheeling as a technology center. Several area companies have established solid national reputations as computer technology providers.

Touchstone Research Laboratory, Ltd, in Triadelphia, W.Va. serves as the research and development laboratory and technology "doctor" for hundreds of companies throughout the United States that produce everything from Space Shuttle parts to consumer products, from garden tools to surgical equipment. During any one day, a few dozen engineers and scientists start and finish two new research projects for companies across the United States.

Economy

Wheeling has always been a city with a diversified economy and is continuing to stride ahead into a changing marketplace. Local economic development groups have joined forces to aggressively stimulate the local economy by creating jobs and encouraging local entrepreneurs, via a successful small business incubator and venture capital programs, to start up new businesses. These groups have also found ways to retain and expand existing business and industry, while vigorously marketing Wheeling nationwide in order to attract new companies to the community. The Wheeling area's economy has been changing from heavy industry to state-of-the-art manufacturing, information/service-based office operations; advanced technology/research and a growing heritage/tourism industry.

Wheeling has been a strategic location for manufacturing operations and local educational institutions anticipate changing technology by providing the necessary training for the future and present labor force. Metro Wheeling's quality-oriented workers, extremely competitive power rates (25 percent below the national average), abundant water and raw materials and its ideal location to reach major markets can work together to make any business more profitable.

Major corporations have moved "back office" operations to Wheeling because they found that the area has everything a growing business needs: a skilled and productive labor force, lower payroll costs tied to a lower average cost of living, lower office space costs, proximity to a major international airport, an attractive location that makes recruiting effortless and most importantly, advanced telecommunications to provide fast, efficient service and keep pace with changing technology.

Orrick, Herrington & Sutcliffe (Orrick), a San Francisco-based international law firm, moved it's back office operations from San Francisco to Wheeling and it's Global Operations Center (GOC), which opened in 2002, supports 675 attorneys in 13 offices worldwide. This decision created approximately 120 jobs.

Business and Industry

Wheeling-Pittsburgh Steel Corp., among the nation's largest steel companies, is headquartered in Wheeling with an employee total of 4,000 people in the valley.

More than 17 million tons of coal are locally mined each year, operated by the CONSOL Coal Group-Moundsville and Ohio Operations and Ohio Valley Coal. These operations employ an average of 1,500 persons.

Cabela's, the "World's Foremost Outfitter" attracts 4-5 million visitors per year. They have a 175,000 square foot retail store and a 400,000 square foot distribution center.

Wheeling Island Racetrack and Gaming Center accounted for 15% of West Virginia's total lottery sales in FY '04. The site is one of 4 racetrack locations for Video Lottery Machines. The

Center includes a 151 room hotel, 8 restaurants, a gift shop and show room, Wheeling Island attracts 3 million annual visitors.

Electric utilities are the primary customers for the area's coal, which helps to keep energy costs well below average in the Ohio Valley.

Wheeling has also enjoyed an access advantage in telecommunications since Bell Atlantic installed digital switching in Wheeling and the Northern Panhandle, rendering West Virginia the first state in the country to be completely digital. The installation of fiber optic cable between switching stations allowed Wheeling and West Virginia to take the national lead in telecommunication technology.

Other primary metals plants located in the area are Ohio Coatings, a joint venture between Wheeling-Pittsburgh Steel; Dongyang Tinplate Corp. of South Korea and Nittetsu Shoji America Inc, of Los Angeles, a Japan-based trading company. Custom mills, machine shops and mold shops have grown and prospered in Wheeling. There are also a number of light industries in the area producing dairy products, cleaning supplies, bath fixtures, paper, tobacco products, and optical goods.

A Wheeling landmark, the Wheeling LaBelle Cut Nail Company, continues to thrive. Many of the 35 workers are second or third generation of their family to work at the plant, which was founded in the 1850s.

Outside Wheeling are Ormet Aluminum, PPG, and Miles, Inc. and Wheeling-Nisshin Steel which provide hot-dip aluminized and galvanized products. The area also boasts several power producing plants. Limestone, natural gas and agricultural fertilizer are other industries nearby.

There are a number of major banks, savings and loan associations, lending institutions and other financial businesses in Wheeling. Several banks have trust departments that rank among the largest in the State of West Virginia. Of the six and one-half billion dollars of trust assets in West Virginia, one-third are in Wheeling institutions. Although some of the banks and savings and loans are independents, most are members of local and regional holding companies.

Nearly five million people visit Wheeling each year and more than 9,000 buses bring in visitors annually for fun, festivals, music and the natural beauty found right here. This growth has begun to make an impact on local businesses, who have enjoyed increases in retail sales, lodging and ancillary services.

Source:

Wheeling Convention and Visitors

Economic and Demographic Data - Ohio, County, West Virginia
Ohio County, West Virginia

COUNTY OF OHIO (WEST VIRGINIA)

Introduction

Location: Ohio County is located in the northern panhandle of the State of West Virginia and is 128 miles from the City of Charleston, West Virginia (the State Capitol), 47 miles from Pittsburgh, Pennsylvania, 113 miles from Cleveland, Ohio, 120 miles from Columbus, Ohio and 214 miles from Washington, D.C.

County Seat: City of Wheeling

Commissioners: David Sims, President; Tim McCormick; Randy Wharton

Population

Year	Ohio County	West Virginia	United States
1990	50,871	1,792,548	249,622,814
2000	47,427	1,807,099	282,124,631
2003	45,659	1,811,440	290,788,976
2005 (est.)	45,112	1,816,856	296,410,404

Source: U.S. Bureau of Economic Analysis, Census Bureau mid-year population estimates.

Economy

The ten (10) largest employers, the type of business and number of employees for such companies for the year 2005 in the County are:

Employer	Product/Service	Estimated Number of Employees
Wheeling Hospital, Inc.	Health	2,000
Ohio Valley Medical Center	Health	985
Wheeling Downs Racing Assoc., Inc.	Entertainment	894
Wheeling Park Commission	Government	855
Ohio County Board of Education	Education	756
Cabela's Distribution, Inc.	Wholesale	466
WesBanco Bank, Inc.	Services (Banking)	453
City of Wheeling	Government	423
Wheeling Jesuit University, Inc.	Higher Education	369
Cabela's Retail, Inc.	Retail	350

Source: WV Labor & Economic Research and Individual Companies

Average Annual Unemployment Rates (%)

Year	Ohio County	West Virginia
2000	3.6	5.5
2001	3.5	4.8
2002	4.2	6.1
2003	4.2	6.4
2004	5.0	5.3
2005 (June)	4.7	5.0

Source: West Virginia. Bureau of Economic Analysis.

Average Annual Employment by Industry*

Industry	2002	2003	2004	2005
Natural Resources & Mining	N/A	1,017	N/A	N/A
Construction	1,029	1,654	1,170	1,277
Manufacturing	1,629	4,239	1,4,90	1,516
Trade, Transportation & Utilities	4,377	1,248	5,210	5,086
Information	535	1,476	500	517
Financial Activities	1,511	3,111	1,480	1,462
Professional & Business Services	3,269	6,886	3,250	3,270
Education & Health Services	7,193	3,231	7,390	6,896
Leisure and Hospitality	3,109	3,787	3,120	3,396
Other Services	N/A	N/A	2,610	1,367
Government	3,877	493	4,130	3,818
TOTAL	26,529	27,142	30,350	28,612

Source: West Virginia Bureau of Economic Analysis.
**NAICS Based*

Average Employment and Annual Wage

	Average Employment		Average Annual Wage	
	1999	2005	1999	2005
Ohio County	27,828	28,612	24,344	$29,421
West Virginia	680,865	695,300	26,009	$31,344

Source: West Virginia Bureau of Economic Analysis.

Per Capita Personal Income

County	1992	2000	2004	Rank in State In 2004
United States	$30,906	29,845	$33,050	---
West Virginia	$23,794	21,900	$25,792	---
Ohio County	$20,575	27,132	$31,461	2

Source: West Virginia Bureau of Economic Analysis.

Wages Per Industry (2005) ($)

Industry	Total Wages	Average Annual Wage
Natural Resources & Mining	-0-	-0-
Construction	54,958,078	43,037
Manufacturing	46,702,496	30,806
Trade, Transportation & Utilities	136,544,593	26,847
Information	22,779,110	44,060
Financial Activities	55,109,005	37,694
Professional & Business Services	114,172,641	34,915
Education & Health Services	224,249,702	32,519
Leisure and Hospitality	43,941,506	12,939
Other Services	27,531,642	20,140
Government	115,634,994	30,287
TOTAL	841,790,860	29,421

Source: West Virginia Bureau of Economic Analysis.

Total Wages ($)

Year	Ohio County	West Virginia
1999	677,445,889	17,708,843,730
2000	696,506,784	18,464,578,396
2001*	717,766,970	19,190,285,426
2002*	738,243,148	19,549,827,426
2003*	745,793,170	19,849,663,121
2004*	787,457,702	20,868,401,449
2005*	841,790,860	21,793,516,080

**NAICS Based*
Source: West Virginia Bureau of Economic Analysis.

Community Data

Education Facilities	
Elementary	8
Middle or Jr. High	4
High Schools	1
Vocational Schools	0
Other (Parochial & Private Schools)	7
Colleges:	
West .Liberty State College, W. Liberty (Ohio)	
WV Northern Comm. College, Wheeling (Ohio)	
Wheeling Jesuit University, Wheeling (Ohio)	
Bethany College, Bethany (Brooke)	

Recreational Facilities	
Parks	2
Baseball-Softball Fields	13
Basketball Courts:	
Indoor	3
Outdoor	25
Playgrounds	36
Swimming pools	6
Auditoriums	1
Stadiums	1
Theaters:	
Indoors	6
Outdoors	5
Golf Courses	7
Tennis Courts:	
Indoor	0
Outdoor	11
Country Clubs	2

Medical	
Hospitals	2
Beds	730
Doctors	260
Dentists	39
Licensed Nursing Homes	4
Beds	486

Transportation	
Highways:	
Interstates	I70, I-470
WV Routes	2, 88, 251
US Routes	40, 250
Industrial Parks	3
Airports:	Wheeling-Ohio, Wheeling, WV & Pittsburgh Intl., Pittsburgh, Pa.
Railroads:	CSXT, Wheeling & Lake Erie
Motor Freight Carriers	6
Parcel service available	Yes
Bus Service	Yes

Newspapers:	2
Telephone:	Verizon
TV Stations	2
Radio Stations	11

Utilities	
Electricity:	American Electric Power
Natural Gas:	Allegheny Power

Other Data	
Child Care	19
Banks (including branches)	20
Libraries	2

Sources: West Virginia, Bureau of Employment Programs, Research, Information and Analysis and Wheeling Area Chamber of Commerce

APPENDIX B

THE SYSTEM

DESCRIPTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM

The City of Wheeling commenced the operation of a public water system over 170 years ago and has provided a system of storm and sanitary sewers since the late 1800's. The City has always operated its water system. However, beginning in 1954 at the time of construction of the City's first sewage treatment plant, until 1982, the sewerage system was operated, maintained and controlled by a Sanitary Board, independent of City Council, pursuant to Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended. In 1982, the City terminated the Sanitary Board and transferred control of the Sewerage System to the City under the jurisdiction of the Water Pollution Control Department, and separate from the Water Department. The description of the operations and financial affairs of each which follows this section is separate and distinct, as each continues to be operated on an individual basis.

Bodkin, Wilson & Kozicki, PLLC (the "Auditor"), of Wheeling, West Virginia, is the Auditor for the City and, as such, has prepared audited Annual Financial Reports for fiscal years ending June 30, 2003, 2004 and 2005 (the "Audits"). Certain data contained in the Audits has been regularly summarized in the following sections of this Official Statement and attributed when so summarized; data not attributed has been provided by the City in one or more reports, studies or certifications, including both Annual Reports filed with the Public Service Commission and the "Consulting Engineer's Annual Report for Fiscal Year 2005 prepared by Green Consulting, LLC of Mayfield, Ohio. Although the current Engineer's Report is not yet available, the City has determined that no events have occurred or circumstances exist which represent a material change in the affairs or operations of the Combined Waterworks and Sewerage System from the state of such affairs or circumstances at the time of the preparation of the 2005 Report. For additional and more complete information, reference should be made to the City itself or to the Audits, the 2005 Engineer's Report, or the current FY Engineer's Report (when completed and available), copies of which can be obtained from the City.

Notwithstanding the individual operations of each Department, the Series 2006 A Bonds (together with the City's Series 1997 and Series 2005 A Bonds, the "Prior Bonds") have a first, equal and pro rata lien on all the Gross Revenues of the Combined Waterworks and Sewerage System, so that excess revenues from one portion of the Combined System may be used to correct a deficiency in the other portion. The Series 2006 A Bonds are limited special revenue obligations of the City payable solely from the revenues and other income derived from all services, properties and facilities of the Combined Waterworks and Sewerage System. The Series 2006 A Bonds are not general

obligations of the City, and the holders or owners thereof shall have no right to have excises or taxes levied by the City, the State of West Virginia or any political subdivision thereof for the payment of the principal, premium, if any, or interest on the Bonds. (See "Summary of Certain Provisions of the Bond Ordinance – System Revenues; Funds and Accounts" herein).

NEITHER THE GENERAL CREDIT OF THE CITY OF WHEELING NOR THAT OF THE STATE OF WEST VIRGINIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AND THE OWNERS AND HOLDERS THEREOF ARE GIVEN NO RIGHT TO HAVE ANY EXCISES OR TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA, THE CITY COUNCIL OF THE CITY OF WHEELING OR THE TAXING AUTHORITY OF ANY OTHER POLITICAL SUBDIVISION OF THE STATE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

THE WATERWORKS SYSTEM

Description

A. Supply and Treatment

The City's first system consisted of a pumping station along the Ohio River near 8th Street, pumping directly from the Ohio River into a reservoir and distribution system without further treatment. The existing Wheeling Water Treatment Plant was constructed in 1924. This facility, located in the Warwood area of Wheeling, draws water from the Ohio River. The plant underwent a major upgrade in 1964, and solids handling facilities were added in 1979 to conform to United States Environmental Protection Agency requirements. In 1989, the City began implementing a major capital improvements program, some of which was funded from current revenues, and the bulk of which was financed from proceeds of certain Prior Bonds. At the water treatment plant, such improvements included, among others, the repair of concrete settling basins, the installation of liquid hydrofluosilic acid and liquid ferric chloride coagulant feeder systems to replace dry chemical feeders, the construction of a new chemical feed building, the repair and replacement of assorted valves, pumps and similar equipment and the addition of a SCADA (computer control) system to monitor and control treatment processes.

The treatment processes at the Wheeling Water Treatment Plant consist of raw water intake to one of three low service, variable-speed, pumps which deliver the water to pre-sedimentation basins; coagulation with iron salts (usually ferric chloride); flocculation and sedimentation; rapid sand filtration; disinfection with chlorine; taste and

odor control with activated carbon; a clearwell and high service pumps. Chlorine dioxide and potassium permanganare can also be added to control taste, odor and trihalomethanes. The solids handling facilities dewater approximately 1000 tons of sludge annually.

B. Storage Tanks

The names and capacities of the City of Wheeling storage facilities are:

Warwood	1,000,000	gal.
Mt. Wood (3 tanks)*	4,000,000	gal.
Clator*	2,000,000	gal.
Clearview	150,000	gal.
Grandview Reservoir (2 tanks)	3,426,000	gal.
Grandview Tank	263,000	gal.
Boggs Hill*	500,000	gal.
Mozart (2)	200,000	gal.
Stackyard	238,000	gal.
Forest Hills	50,000	gal.
Howard Hills	200,000	gal.
Springdale	810,000	gal.
Patterson Reservoir	593,000	gal.
Oglebay	1,000,000	gal.
Leewood**	200,000	gal.
Washington Farms	50,000	gal.
Total Storage Facilities	14,680,000	gal.

*Newly constructed in 1992 as part of the capital improvement program.
**Not in service.

C. Distribution System

The distribution system includes over 189 miles of pipelines and 10 booster stations, capable of delivering up to 10 million gallons per day ("MGD"). This system provides water to a variety of businesses, two major hospital complexes, residents of the City, and residents of seven communities outside the City's corporate boundaries. The system has experienced steady development throughout its history with a major renovation campaign in the 1960's and in 1992 as part of the capital improvement program. Today system growth has continued through the construction of new subdivisions.

Various distribution zones are organized throughout the service area topography to provide customers with adequate pressure. These areas are generally defined by booster stations and their individual distribution systems. These areas are:

a. Oglebay Park
b. Bethlehem
c. Mozart
d. Stackyard
e. Forest Hills
f. Howard Hills
g. Elm Grove
h. Greggsville
i. Clearview
j. Grandview
Low Service (all remaining areas)

D. Alternate Water Supply

In 1992, as part of the capital improvement program, the City installed vertical wells along the Ohio River near the treatment plant in order to provide an alternate water source, it is estimated these wells can provide approximately 60% of the City's average daily usage, in the event of an emergency condition with the City's river supply.

Management

All the Divisions operate under the direct supervision of Superintendent, Mr. William F. Huggins. As Superintendent, Mr. Huggins provides executive and technical leadership, and directs and manages the operations of the complete water system. His duties include budget preparation, rate case studies, equipment purchase, and construction inspection. Mr. Huggins began his employment with the City as Water Treatment Plant Operator in 1971 and he moved into his present position as Superintendent in 1978. He holds a Water Treatment Plant Operator Class IV license, with a Fluoridation certificate, from the West Virginia Department of Environmental Health. In addition to continuing education in management and water treatment, Mr. Huggins received a Bachelor of Science degree in Physics in 1971 from West Liberty State College. Mr. Huggins is the Water Division's representative on the West Virginia – American Water Works Association ("AWWA") Utility Committee and is a life member of AWWA.

Philip Kowalski – Plant Supervisor.

As Plant Supervisor, Mr. Kowalski is responsible for the day-to-day management of operations at the Water Treatment Plant. Having commenced his employment with the City as a Water Plant Operator in 1974, Mr. Kowalski brings thirty-two years of on-duty experience to his position. A 1971 graduate of West Liberty State College, Philip Kowalski holds a Water Plant Operator Class IV license, with Microbiology certificate

from the West Virginia Department of Environmental Health. Mr. Kowalski is a member of the American Water Works Association and he is the Water Department representative on the Water User Committee of the Ohio River Sanitation Commission.

Employees and Payroll

As of June 30, 2006, the City had 55 employees engaged in Waterworks System tasks. The Fiscal Year 2006 payroll was budgeted at $2,176,340.

Operations

The following table indicates the annual water consumption of each customer class, as shown in the City's records for the fiscal year ended June 30, 2005. The Waterworks System pumped an average of 7.6 MGD in 2005, with daily averages during the peak month of August, 2005, at 8.25 MGD.

Customer Class	Gallons Sold/ Billed (000)	Number of Customers
Residential	663,776	12,296
Commercial	544,375	1,473
Industrial	14,879	22
Resale	538,328	9
Unmetered	1,031	3
Unaccounted/Loss	704,586	N.A
	2,466,975	

Water loss in the system accounted for nearly 28.2% of all water distributed; this loss is attributed to both leakage from old pipes within the system and from faulty, aged valves and meters at sundry locations. Pursuant to the issue of the Series 1997 Bonds, the PSC ordered the City to establish an escrow account of $0.025 per thousand gallons billed; funds from this account are to be used for the purpose of reducing said water loss. Since 1997, the City has conducted a yearly leak detection survey (covering a 4th section of the City each year) in an effort to find and repair leaks, and continues with its program of renewing galvanized mains and replacing meters. The completion of the Project will address most of these issues.

Average Number of Water Customers

Fiscal Year	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
	13,681	13,791	13,877	13,922	13,933

The City provides water to four neighboring communities and the Ohio County Public Service District. These four communities are served through master meters. Each community has one master meter, with the exception of the Ohio County Public Service District which receives water from the City in five different locations. The communities and their consumption and revenues for the fiscal year ended June 30, 2005, are:

	Annual Consumption (000 gallon)	Annual Revenue
1. Bethlehem	83,882	105,547
2. Triadelphia	34,633	46,354
3. Valley Grove	13,986	23,474
4. West Alexander (Pennsylvania)	14,751	24,110
5. Ohio County PSD		
#7@ 29th Street	996	2,331
#9@ Elm Grove	72,740	92,422
#1@ Warwood	301,402	360,859
#6@ Frazier Run Road	444	1,050
#11@ Leewood	1,533	6,106
	377,115*	426,768**

*Represents 21.4% of the Water System's total consumption for fiscal year 2005.
**Represents 9.75% of the Water System's total water operating revenues for fiscal 2005.

The ten largest users (not including resale to neighboring communities) and their billings for the fiscal year 2006 were:

		Annual Consumption (1,000 Gallons)	Annual Revenue
1.	Wheeling Hospital	53,706	69,999
2.	Ohio Valley Hospital	31,032	43,300
3.	Wheeling Downs	26,952	38,496
4.	Wheeling Linen	18,523	31,038
5.	Ziegenfelders	17,401	28,427
6.	Oglebay Park	13,752	22,366
7.	Niebergall Ice Co.	8,688	17,202
8.	Peterson Hospital	7,044	15,975
9.	North Park Associates	6,888	15,768
10.	Uwanta Linen	6,504	14,176
	TOTAL	190,490	296,747

Rates

The rates and connection fees charged to users of the Waterworks System are detailed in the following tables. Water usage (including meter size minimum) rates in the first two tables became effective on June 3, 2006, following Public Service Commission approval, and represent approximately 44% increase from previous rates.

Rates (Monthly)

First 1,000 gallons used per month	$	7.10 per 1,000 gallons
Next 499,000 gallons used per month		3.259 per 1,000 gallons
All over 500,000 gallons used per month		1.679 per 1,000 gallons

Minimum Charge

The following amounts represent the minimum monthly charge, according to the size of the meter installed:

5/8-inch meter	$	7.10 per month
3/4-inch meter		10.65 per month
1-inch meter		17.75 per month
1½ -inch meter		35.50 per month
2-inch meter		56.80 per month
3-inch meter		106.50 per month
4-inch meter		177.50 per month
6-inch meter		355.00 per month
8-inch meter		568.00 per month

Service Connection Charge

Size of Tap	Charge
5/8-inch and 3/4-inch	$ 300
1-inch and larger	400

Fire Service Lines

2-inch or smaller	$	56.29 per year
3-inch		90.27 per year
4-inch		144.43 per year
6-inch		309.04 per year
8-inch		534.19 per year

10-inch 858.10 per year

If unmetered, an additional $85.93 per year.

Hydrants

$148.68 per hydrant per year.

Average Monthly Rates; Area Comparisons

Based upon current rates, the average user of the Waterworks System pays the average monthly amounts set forth in the first table which follows. Comparable average monthly water rates for communities in the State follow in the second table.

Gals/Mo.	Wheeling	Ohio Co. PSD	Valley/Grove	Triadelphia	W. Alexander
Resid. 4,500	$18.51	$22.14	$19.99	$13.55	$27.00
Commer. 50,000	166.79	160.11	190.41	124.05	155.40
Indust. 500,000	1,633.34	1,393.61	1,859.06	1,079.10	1,325.40

Gals/Mo.	Weirton	Parkersburg	Clarksburg	Fairmont
Resid. 4,500	$20.96	$28.17	$23.72	$21.56
Commer. 50,000	204.17	225.42	200.17	186.17
Indust. 500,000	2,001.00	2,191.80	1,327.68	1,206.10

Upcoming Projects; Water

Included in this bond issue are funds for engineering design of a new water treatment plant. Design and a membrane pilot testing program will occur in 2007 as the testing has to occur during specific weather conditions. Construction of a new plant is estimated at $22.5 million and proposed for 2008 and 2009. In addition, the City will continue to replace distribution lines. The City of Wheeling provides water to the Ohio

County Public Service District ("PSD") that services the Highlands development. Discussions between the City and PSD have begun regarding a new transmission main capable of producing up to 2,000,000 gallons of water a day, the cost of which will be at the County's expense.

THE WASTEWATER COLLECTION AND TREATMENT SYSTEM

Description

The City's Wastewater Collection and Treatment System began as a collection of combined wastewater and storm drain sewers built in the late 1800's and on a continuing basis into the 1950's. Some 154 miles of 6-inch to 24-inch clay pipes remain the primary collection system of the City. However, beginning in the 1950's, the City began to construct a series of concrete interceptors, commenced construction of its first treatment plant in 1954, and brought a new plant, to provide primary treatment, on-line in 1960. In 1972, the City began to plan an upgrade of this plant to meet higher environmental standards. At the same time, improvements were made to the Warwood Pump Station and seven municipal metering stations. The new secondary treatment plant began operations in 1983. The collection system now contains approximately 300 miles of sewers.

Except for its northern-most reaches, nearly all of Ohio County is within the same drainage basin that drains toward Wheeling Creek and thence to the Ohio River. The wastewater treatment plant is located approximately 1/2 mile downstream of the junction of these two major water courses and is, therefore, in an excellent location to serve most of Ohio County. New trunk sewers built in the mid-1980's extended the System from its base of the City of Wheeling and the Communities of Bethlehem, Triadelphia and Clearview into the surrounding Ohio County. Thirteen (13) lift stations and seventeen (17) metering stations operate along the System.

As trunk sewers continue to be constructed outside the City limits, a greater percentage of the population within the Wheeling Creek drainage basin will be served by the central Wheeling wastewater treatment plant.

The secondary wastewater treatment plant, as constructed in1983, was designed to handle a population of approximately 60,000 people and an average flow of 10 million gallons per day ("MGD"). However, the average daily flow is 9.0 MGD, serving a sewered population of approximately 57,000. Hydraulically, the plant can handle a flow of 30 MGD, with 10 MGD receiving secondary treatment.

The treatment plant is a secondary treatment facility consisting of the following wastewater treatment units: bar screens, raw sewage pumps aerated grit chambers,

primary clarifiers, complete mix activated sludge aeration tanks, secondary clarifiers, chlorine contact tanks and a Parshall flume.

Sludge handling consists of the following collection and primary and secondary treatment methods: primary sludge pumping and degritting, waste sludge pumping, primary and secondary scum pumping, sludge thickening, anaerobic sludge digestion, polymer conditioning and sludge dewatering via belt filter presses.

Prior to entering the treatment plant, wastewater first flows through a controlled diversion structure located near the Ohio River. Excessive flow may travel through a horizontal self-cleaning bar screen and into a 48-inch pipe that discharges into the Ohio River.

Raw wastewater entering the plant through a 72" transmission main splits through two pneumatically-operated sluice gates that limit excessive flow into the plant. Flow next passes through the two mechanical bar screens which remove coarse materials. These screenings are hauled to a landfill site. After passing through an additional set of hydraulically-operated sluice gates, the wastewater enters the raw sewage wet well.

From the wet well, the four, variable speed, non-clog raw sewage pumps lift the wastewater to the aerated grit chambers. These pumps utilize a liquid rheostat flow matching system capable of varying each pump up to 12 MGD or up to 30 MGD total. The grit chambers are designed to remove grit consisting of sand, gravel, and other heavy inert inorganic particles in order to protect plant equipment from abrasion and increased wear. The grit is removed from the tanks for land disposal.

The degritted wastewater flows into the two primary settling tanks for the removal of sludge (settleable solids) and scum (floatable solids) from the wastewater flow, thereby reducing the load of solids to the activated sludge process. The primary treatment operations can always be maintained by emergency power generation equipment. The primary effluent from the overflow of the settling tanks flows to the activated sludge system. Flows in excess of 10 MGD are bypassed around the secondary treatment system to the chlorine contact tanks.

In the activated sludge process, an environment is created to promote the growth of biological life in a series of aeration tanks. These microorganisms feed upon and greatly reduce the amount of organic matter in the wastewater. Diffused air is added to satisfy the oxygen requirements of the biomass and to provide agitation to maintain the mixture in complete suspension. Flexibility has been provided to operate the aeration system in three different modes – conventional aeration, contact stabilization, and step feed aeration – to allow operation in the most effective manner.

Following aeration, the wastewater flows to the four final settling tanks or clarifiers where the microorganisms and suspended solids are removed by gravity settling. A portion of the settled activated sledges returned to the aeration tanks as return activated sludge. This sludge contains the active microorganisms which are returned to the system to feed on the incoming organics. Because the organisms grow and reproduce, excess sludge (waste activated sludge) must be removed from the system by being pumped from the settling tanks to either the primary settling tanks or the sludge thickeners.

Clarified final effluent flows into the final effluent channel and the chlorine contact tanks for disinfection. The flow finally passes through a Parshall flume, which measures the total plant flow, and is then discharged to the Ohio River. The wastewater treatment plant constitutes a Federal and State approved Pretreatment Program, with two significant industrial users. Effluent quality is analyzed by laboratory technicians which are certified by the West Virginia Department of Natural Resources. All treatment plant operations and collection division personnel are also state certified.

Management

A. King Campbell – Superintendent. As Superintendent, Mr. Campbell is responsible for the continuing management and operation of the Wastewater Treatment and Collection System, supervising over forty (40) employees within five divisions – collection, electric, operation, maintenance and PT/CSO. Mr. Campbell's duties range from plant management, equipment maintenance and effluent testing to budget preparation. Under his supervision the Water Pollution Control Department has received numerous citations, including the Operation and Maintenance Award of Excellence from the West Virginia Department of National Resources and a first place safety award from the West Virginia Water Pollution Control Association. A. King Campbell began his employment with the City of Wheeling at its Water Treatment Plant in 1970, began to perform certain wastewater treatment duties in 1977, and assumed his present position in 1982. Mr. Campbell holds a Class IV Public Water Supply Operator's Certificate from the West Virginia Department of Natural Resources, in addition to a Class IV Wastewater Treatment Operator's Certificate, Class I-C Collection System Operator's Certificate and a Wastewater Treatment Plant Laboratory Technician's Certificate. Mr. Campbell has attended classes, primarily Biology and Chemistry at both West Virginia University and West Liberty State College. Mr. Campbell has continued his education through periodic seminars and training programs and possesses certain certifications for the handling of hazardous waste materials. Mr. Campbell is also past president of the West Virginia chapter of the American Public Works Association and currently serves as a member of the Ohio River Valley Sanitation Commission's Publicly-Owned Treatment Works Advisory Committee.

Employees and Payroll

As of June 30, 2006, the City had 44 employees engaged in Sewerage System tasks. The Fiscal Year 2006 payroll is budgeted at $2,011,485.

Operations

The Wastewater Collection and Treatment System treated an average of 8.98 MGD in April, 2005, with daily averages during the peak month of January at 16.1 MGD. The effluent biological demand (BOD) averaged 13.0 milligrams per liter with an overall efficiency of 86.9 percent for the year. Suspended solids in the effluent averaged 8.0 milligrams per liter with an overall removal efficiency of 98.9 percent for the year.

The City currently operates under NPDES (WV0023230) permit issued by the West Virginia Department of Environmental Protection, Water Resources Section. The permit was issued June 9, 2006 and has an effective date of July 9, 2006 and expires August 10, 2010.

Within this new tiered permit, the secondary treatment flow limits will be 10 MGD with a total of 25 MGD receiving partial treatment to positively influence maximum treatment capacity of plant and reduce CSO effects to the receiving streams. The permit establishes traditional effluent limits on Ph, BOD, TSS, fecal coliform and ammonia with new limits on chlorine residual. The permit also established new requirements with a time schedule for compliance relating to CSO minimization and pretreatment program requirements.

The following table sets forth the System's treatment experience according to customer classes for fiscal year 2006:

Average Number of Sewer Customers

Fiscal Year	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
	13,083	13,186	13,362	13,413	13,422

Customer Class	Gallons Billed (000)	Number of Customers
Residential/Commercial	1,170,483	13,136
Industrial	14,638	45
Outside Communities	432,974	5

The City provides wastewater collection and treatment service under long-term contracts to three neighboring communities and the Ohio County Public Service District. Rates for such outside municipal corporations are set according to billing formulas approved by the United States Environmental Protection Agency. The communities, and their discharge and revenues for the fiscal year ended June 30, 2005 are:

	Avg MGD	Annual Revenues
Benwood	.18	105,075
Bethlehem (5 connections)	.31	176,466
Clearview	.05	30,800
Triadelphia	.29	150,145
Ohio County Public Serv. Dist. (8 connections)	.36	209,454
	1.19*	$671,940**

*Represents 13% of the System's total discharge for fiscal 2005.
**Represents 14% of the System's total operating revenues for fiscal 2005.

The ten largest users (not considering collection and treatment provided to neighboring communities) and their billings for the fiscal year 2006 were:

		Annual Discharge (000)	Annual Revenue
1.	Wheeling Hospital	53,706	69,999
2.	Ohio Valley Hospital	31,032	43,300
3.	Wheeling Downs	26,952	38,496
4.	Wheeling Linen	18,523	31,038
5.	Ziegenfelders	17,401	28,427
6.	Oglebay Park	13,752	22,366
7.	Niebergall Ice Co.	8,688	17,202
8.	Peterson Hospital	7,044	15,975
9.	North Park Associates	6,888	15,768
10.	Uwanta Linen	6,504	14,176
	TOTAL	190,490	296,747

Rates

The rates charged to users of the Sewerage System inside the City are detailed in the following table. These rates became effective on April 3, 2004, following Public Service Commission approval, and represent a 9.94% increase from previous rates. (the City had petitioned for a 38.23% increase; see "Combined Waterworks and Sewerage

System Operations – Rate Petitions" herein.) The rates will increase an additional 23.12% upon substantial completion of the Wastewater Collection and Treatment System Improvement Project – Phase I. The City anticipates that the Phase I Project will be completed in the fall of 2006.

PRE-CONSTRUCTION RATES

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$3.49
Next 90,000 used per month	3.39
Next 100,000 used per month	2.93
Over 200,000used per month	2.12

The Minimum Metered Rate is 5.54 per month; an Unmetered Flat Rate of $15.71 is also used. A Tap Inspection Fee of $25.00 is charged to new customers at the time of connection to the Sewerage System.

POST-CONSTRUCTION RATES

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$4.21
Next 90,000 used per month	4.05
Next 100,000used per month	3.91
Over 200,000used per month	2.56

The Minimum Metered Rate is 6.69 per month; an Unmetered Flat Rate of $18.95 is also used. A Tap Inspection Fee of $25.00 is charged to new customers at the time of connection to the Sewerage System.

Based upon current sewer rates in the city, the average monthly residential sewer bill in 2006 was approximately $15.71 for 4,500 gallons of water used. Comparable average monthly sewer rates for the same water usage for communities in the State are as follows:

Comparable Average Monthly Sewer Rates

Beckley	$30.16	Keyser	$25.98
Bethlehem	20.93	Lewisburg	25.47
Bluefield	30.92	Morgantown	37.50
Buchannon	24.75	Ohio Co. PSD	29.16
Charles Town	30.25	Parkersburg	30.19
Charleston	22.88	Petersburg	35.06
Clarksburg	19.95	Richwood	28.46
Clearview	21.00	Triadelphia	20.58
Fairmont	14.90	Weirton	14.78

Billing and Collection Experience

WATER

YEAR	BILLED	COLLECTED	%
2002	$3,451,588	$3,421,329	99.12%
2003	3,733,895	3,710,643	99.38%
2004	3,711,067	3,645,750	98.24%
2005	3,832,539	3,793,266	98.98%

SEWER

YEAR	BILLED	COLLECTED	%
2002	$3,617,541	$3,490,440	96.49%
2003	3,828,663	3,873,323	101.17%
2004	3,924,165	3,825,029	97.47%
2005	4,270,755	4,157,732	97.35%

Billing and Collection Procedures

All bills are issued, collected and processed by the City on a monthly basis and are due twenty (20) days after billing. Once an account is determined to be delinquent for two successive months, an arrears notice is sent advising that if the bill remains unpaid for five (5) days, service will be terminated. Upon the expiration of said period, service is terminated. Once terminated, service will not be restored until the payment of all past bills, a reconnection charge of twenty-five dollars and, in some instances, a new or additional security deposit.

Future Projects; Sewer

The Water Pollution Control Department is currently undertaking $16,000,000 worth of upgrades to the Waste Water Treatment Plant, the Warwood Pumpstation, significant cleaning of trunk lines, storm and sanitary sewer pipe separations and elimination of combined sewer overflows. Elimination of combined sewer overflows remains a priority of the Water Pollution Control Department and as such the Department will continue to significantly eliminate them over the next five years. Over the next five years there are no planned upgrades at the Water Treatment Plant as a result of the afore-mentioned project.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
COMBINED STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003, 2004, AND 2005
PROPRIETARY FUND TYPES

	2003			2004			2005		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
ASSETS:									
Cash	157,645.43	338,051.18	495,696.61	274,623.83	101,390.51	376,014.34	47,017.28	874,761.35	921,778.63
Receivables (net of allowance for uncollectibles):									
Accounts and taxes	501,297.16	628,981.48	1,130,278.64	532,623.30	742,408.59	1,275,031.89	553,173.15	751,126.10	1,304,299.25
Accrued interest	761.47	1,194.10	1,955.57	682.01	1,082.76	1,764.77	2,164.06	1,727.63	3,891.69
Grants Receivable	-	-	-	-	190,100.00	190,100.00			-
Due from other funds		7,742.55	7,742.55			-			-
Inventory of supplies, at cost	172,886.45	-	172,886.45	180,147.97	-	180,147.97	185,224.09	-	185,224.09
Restricted funds:				-	-		-	-	
Sinking fund	1,299,723.84	1,074,380.92	2,374,104.76	1,024,268.15	981,967.70	2,006,235.85	1,149,352.87	959,229.85	2,108,582.72
Depreciation fund	626,573.01	421,447.30	1,048,020.31	630,396.67	424,094.43	1,054,491.10	613,515.98	430,538.35	1,044,054.33
Construction fund	-	16,843.97	16,843.97	-	14,258.08	14,258.08	16,269.00	4,655.41	20,924.41
Maintenance fund	326,556.51	-	326,556.51	405,657.73	-	405,657.73	374,424.39	-	374,424.39
Design revenue fund	-	274,788.96	274,788.96	-	61,167.25	61,167.25	-	99,986.08	99,986.08
Utility plant:				-					
In service	37,040,106.12	50,996,500.84	88,036,606.96	37,768,262.36	51,455,376.67	89,223,639.03	38,140,803.24	52,653,302.92	90,794,106.16
Less: Allowance for depreciation	(17,319,474.12)	(28,233,927.25)	(45,553,401.37)	(18,215,413.96)	(29,399,416.51)	(47,614,830.47)	(19,099,541.98)	(30,368,048.79)	(49,467,590.77)
Construction work in progress	40,550.93	373,626.95	414,177.88	310,691.30	1,750,112.76	2,060,804.06	562,196.83	1,023,453.62	1,585,650.45
Unamortized debt discount and expense	941,026.36	582,680.99	1,523,707.35	880,541.80	556,444.39	1,436,986.19	805,093.97	569,571.70	1,374,665.67
Total assets	23,787,653.16	26,482,311.99	50,269,965.15	23,792,481.16	26,878,986.63	50,671,467.79	23,349,692.88	27,000,304.22	50,349,997.10
LIABILITIES:									
Accounts payable	42,549.91	58,536.84	101,086.75	206,730.00	337,133.08	543,863.08	67,864.97	101,174.33	169,039.30
Accrued payroll	32,827.74	28,330.39	61,158.13	50,505.55	43,722.51	94,228.06	55,807.71	50,341.88	106,149.59
Payroll withholdings and other accrued liabilities	112,794.16	95,951.75	208,745.91	114,080.26	105,025.02	219,105.28	123,355.02	107,209.18	230,564.20
Accrued interest payable	43,933.18	29,095.74	73,028.92	46,437.45	44,851.38	91,288.83	36,022.85	23,417.75	59,440.60
Deferred revenue	-	-	-	-	-	-	-	-	-
Current maturity of revenue bonds payable	766,150.00	403,850.99	1,170,000.99	710,950.00	494,050.00	1,205,000.00	759,691.13	537,324.04	1,297,015.17
Long-term revenue bonds payable	8,387,400.00	6,571,402.01	14,958,802.01	7,873,277.88	6,602,037.26	14,475,315.14	7,214,114.83	6,906,074.10	14,120,188.93
Capital lease payable - Current & Long-term	123,226.19	123,261.27	246,487.46	100,453.75	100,482.35	200,936.10	76,781.20	76,803.06	153,584.26
Due to other funds	7,742.55	-	7,742.55	-	677.86	677.86	43,735.00	284.66	44,019.66
Deposits	-	-	-	-		-	12,350.00	48,052.01	60,402.01
Total liabilities	9,516,623.73	7,310,428.99	16,827,052.72	9,102,434.89	7,727,979.46	16,830,414.35	8,389,722.71	7,850,681.01	16,240,403.72
NET ASSETS:									
Invested in capital assets (net of related debt)	10,484,406.74	16,037,686.27	26,522,093.01	11,178,858.07	14,859,390.55	26,038,248.62	11,552,870.93	15,788,506.55	27,341,377.48
Restricted for:									
Capital projects	626,573.01	438,291.27	1,064,864.28	630,396.67	438,352.51	1,068,749.18	629,784.98	435,193.76	1,064,978.74
Debt services	1,299,723.84	1,349,169.88	2,648,893.72	1,024,268.15	1,043,134.95	2,067,403.10	1,149,352.87	1,059,215.93	2,208,568.80
Other purposes	326,556.51	-	326,556.51	405,657.73	-	405,657.73	374,424.39	-	374,424.39
Unrestricted	1,533,769.33	1,346,735.58	2,880,504.91	1,450,865.65	2,810,129.16	4,260,994.81	1,253,537.00	1,866,706.97	3,120,243.97
Total net assets	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44	14,959,970.17	19,149,623.21	34,109,593.38
Total liabilities and net assets	23,787,653.16	26,482,311.99	50,269,965.15	23,792,481.16	26,878,986.63	50,671,467.79	23,349,692.88	27,000,304.22	50,349,997.10

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003, 2004, 2005

	2003			2004			2005		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
OPERATING REVENUES:									
Charges for services	3,080,584.06	3,354,419.95	6,435,004.01	3,084,133.77	3,340,194.81	6,424,328.58	3,150,355.24	3,570,555.77	6,720,911.01
Sales to other systems	653,310.73	495,699.34	1,149,010.07	626,933.31	583,970.98	1,210,904.29	682,183.85	700,200.45	1,382,384.30
Fire protection services	220,487.05	-	220,487.05	224,004.33	-	224,004.33	234,643.88	-	234,643.88
Billing and collection services	203,269.25	-	203,269.25	203,443.09	-	203,443.09	240,285.29	-	240,285.29
Miscellaneous	94,046.46	298,117.54	392,164.00	116,095.86	993,271.35	1,109,367.21	118,339.87	220,484.14	338,824.01
Total operating revenues	4,251,697.55	4,148,236.83	8,399,934.38	4,254,610.36	4,917,437.14	9,172,047.50	4,425,808.13	4,491,240.36	8,917,048.49
OPERATING EXPENSES:									
Pumping system	686,481.01	31,090.07	717,571.08	674,275.89	29,153.86	703,429.75	691,828.57	30,146.90	721,975.47
Collection system	-	678,182.25	678,182.25	-	682,461.71	682,461.71	-	731,661.07	731,661.07
Treatment and disposal	-	1,305,576.95	1,305,576.95	-	1,366,376.78	1,366,376.78	-	1,362,515.19	1,362,515.19
Other operating expenses	-	286,747.50	286,747.50	-	387,841.19	387,841.19	-	319,204.06	319,204.06
Purification system	417,564.91	-	417,564.91	455,817.79	-	455,817.79	406,213.72	-	406,213.72
Distribution system	779,511.39	-	779,511.39	759,691.67	-	759,691.67	893,328.43	-	893,328.43
Commercial	372,512.37	-	372,512.37	367,339.62	-	367,339.62	389,502.14	-	389,502.14
General and administrative	664,246.71	925,324.74	1,589,571.45	666,636.38	964,307.46	1,630,943.84	691,278.84	1,053,474.15	1,744,752.99
Depreciation	910,937.76	1,012,911.91	1,923,849.67	921,927.10	1,165,489.26	2,087,416.36	937,209.84	968,632.28	1,905,842.12
Total operating expenses	3,831,254.15	4,239,833.42	8,071,087.57	3,845,688.45	4,595,630.26	8,441,318.71	4,009,361.54	4,465,633.65	8,474,995.19
Operating income (loss)	420,443.40	(91,596.59)	328,846.81	408,921.91	321,806.88	730,728.79	416,446.59	25,606.71	442,053.30
OTHER INCOME:									
Contributions in aid of construction	320,325.19	-	320,325.19						
Interest earned - Sinking Fund	26,971.24	-	26,971.24	16,049.71	-	16,049.71	28,105.36	17,948.98	46,054.34
Interest earned - Other investments	13,525.90	23,920.87	37,446.77	8,417.45	13,533.08	21,950.53	19,448.57	8,664.43	28,113.00
Other	40,088.55	2,465.26	42,553.81	16,966.04	778.16	17,744.20	30,181.79	-	30,181.79
Total other income	400,910.88	26,386.13	427,297.01	41,433.20	14,311.24	55,744.44	77,735.72	26,613.41	104,349.13
OTHER DEDUCTIONS:									
Interest on long-term debt	573,612.19	377,963.76	951,575.95	553,327.82	399,066.32	952,394.14	531,143.25	388,669.98	919,813.23
Other	3,081.13	1,420.50	4,501.63	3,550.71	7,217.59	10,768.30	4,122.52	1,347.35	5,469.87
Total other deductions	576,693.32	379,384.26	956,077.58	556,878.53	406,283.91	963,162.44	535,265.77	390,017.33	925,283.10
Income (loss) before contributions and transfers	244,660.96	(444,594.72)	(199,933.76)	(106,523.42)	(70,165.79)	(176,689.21)	(41,083.46)	(337,797.21)	(378,880.67)
Capital contributions, grants				525,540.26	49,289.96	574,830.22	33,075.26	336,413.25	369,488.51
Capital contributions							277,932.10	-	277,932.10
Total net assets - beginning	14,026,368.47	19,616,477.72	33,642,846.19	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44
Total net assets - ending	14,271,029.43	19,171,883.00	33,442,912.43	14,690,046.27	19,151,007.17	33,841,053.44	14,959,970.17	19,149,623.21	34,109,593.38

Employees Retirement and Benefit Fund

Employees of the Water Department and employees of the Water Pollution Control Department hired since 1982 participate in the City of Wheeling Employees' Retirement and Benefit Fund. Pursuant to Chapter 8, Article 22, Section 14 of the Code of West Virginia, 1931, as amended, the Treasurer of the City acts as custodian of this Fund. The City has not made any contributions to the City of Wheeling Employees' Retirement and Benefit Fund since 1996, as it is fully funded. Employees of the Water Pollution Control Department hired before 1982 participate in a separate fund, the Water Pollution Control Division Pension Plan, administered by an independent trustee. Annuity benefits are financed through employer and member contributions and the investment earnings on such contributions. By state law, the City is required to contribute to the fund annually an amount which, together with contributions from employees, will be sufficient to meet the normal cost of the fund including the cost of administration and amortize any actuarial deficiency over a period of not more than forty years. Historically, the City has contributed monthly an amount equal to 6.0% percent of its employee payroll for the preceding month; the following table summarizes the contributions made by the City to all Funds during each of the past five fiscal years. As of June 30, 2005, the Funds' contributions met or exceeded the statutory required contributions, so that no actuarial deficiency exists. Accordingly, the City has determined that no contributions are required during the current fiscal year.

WATER POLLUTION CONTROL DIVISION PENSION PLAN

	Fiscal Years Ended June 30,				
	2000	2001	2003	2004	2005
Employees Covered	15	15	13	13	13
Contribution Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Contributions	$29,468	$29,999	$28,184	$28,173	$30,322

Method of Accounting

The System operates day-to-day on a cash basis of accounting. For reporting purposes, in the Comprehensive Annual Financial Report of the City, the accounting records are converted to the accrual basis. The cash basis recognizes revenue when it is received and expenses when they are paid. The accrual basis recognizes revenue when it is earned and expenses in the period incurred.

Encumbrance accounting is utilized by the City in the normal course of operations for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. Encumbrances outstanding at year-end are treated as a reserve to the fund balance and are carried forward to the next fiscal year.

The accounting system provides for internal accounting controls designed to provide reasonable assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The information set forth in this Appendix B was provided by the City of Wheeling.

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APPENDIX C

FINANCIAL STATEMENTS OF THE CITY

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City of Wheeling – Water and W.P.C.D. Compilation Report

Financial Statements
Together with Accountant's Report
As of April 30, 2006

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

BODKIN WILSON & KOZICKI PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Mayor and City Council
of the City of Wheeling, West Virginia
City of Wheeling
Wheeling, WV

We have compiled the accompanying Statements of Net Assets – Proprietary Funds of the City of Wheeling – Water Department and Water Pollution Control Division as of April 30, 2006 and the related Statements of Revenues, Expenses, and Changes in Fund Net Assets and Statements of Cash Flows for the ten months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Water Department and Water Pollution Control Division's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Bodkin Wilson + Kozicki
PLLC

Wheeling, West Virginia,
July 13, 2006.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF NET ASSETS
APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
ASSETS:			
Current assets			
Cash	$ 175,744.55	$ 53,224.15	$ 228,968.70
Receivables (net of allowance for uncollectibles):			
Accounts and taxes	671,177.87	604,033.70	1,275,211.57
Accrued interest	759.98	-	759.98
Inventory of supplies, at cost	-	185,224.09	185,224.09
Total current assets	$ 847,682.40	$ 842,481.94	$ 1,690,164.34
Non-current assets			
Restricted funds:			
Sinking fund	$ 1,410,460.49	$ 1,653,909.63	$ 3,064,370.12
Depreciation fund	442,209.19	630,146.90	1,072,356.09
Construction fund	33,443.36	6,246.29	39,689.65
Maintenance fund	-	388,787.71	388,787.71
Design revenue sinking fund	97,008.35	-	97,008.35
Capital assets:			
Utility plant:			
In service	52,729,508.69	38,179,739.44	90,909,248.13
Less: Allowance for depreciation	(31,181,577.08)	(19,888,226.18)	(51,069,803.26)
Construction work in progress	10,001,430.29	792,356.23	10,793,786.52
Unamortized debt discount and expense	570,105.45	805,093.97	1,375,199.42
Total non-current assets	$ 34,102,588.74	$ 22,568,053.99	$ 56,670,642.73
Total assets	$ 34,950,271.14	$ 23,410,535.93	$ 58,360,807.07
LIABILITIES:			
Current liabilities			
Accounts payable	$ 116,724.98	$ 147,246.68	$ 263,971.66
Due to other funds	347.18	-	347.18
Accrued payroll	28,671.29	30,855.76	59,527.05
Payroll withholdings and other accrued liabilities	75,965.36	84,967.01	160,932.37
Accrued interest payable	137,192.75	199,743.13	336,935.88
Current maturity of revenue bonds payable	551,450.00	793,550.00	1,345,000.00
Current maturity of capital leases payable	25,588.20	25,580.92	51,169.12
Total current liabilities	$ 935,939.76	$ 1,281,943.50	$ 2,217,883.26
Non-current liabilities:			
Long-term revenue bonds payable	15,155,247.00	7,095,449.70	22,250,696.70
Long term maturity of capital leases payable	26,599.61	40,992.04	67,591.65
Deposits	44,095.31	-	44,095.31
Total non-current liabilities	$ 15,225,941.92	$ 7,136,441.74	$ 22,362,383.66
Total liabilities	$ 16,161,881.68	$ 8,418,385.24	$ 24,580,266.92
NET ASSETS:			
Invested in capital assets (net of related debt)	$ 15,790,477.09	$ 11,020,199.72	$ 26,810,676.81
Restricted for:			
Capital projects	475,652.55	636,393.19	1,112,045.74
Debt services	1,507,468.84	1,653,909.63	3,161,378.47
Other purposes	-	388,787.71	388,787.71
Unrestricted	$ 1,014,790.98	$ 1,292,860.44	$ 2,307,651.42
Total net assets	$ 18,788,389.46	$ 14,992,150.69	$ 33,780,540.15

See Accountant's Compilation Report.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE TEN MONTHS ENDED APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
OPERATING REVENUES:			
Charges for services	$ 2,947,553.52	$ 2,639,012.83	$ 5,586,566.35
Sales to other systems	427,590.26	536,931.39	964,521.65
Fire protection services	-	233,222.51	233,222.51
Billing and collection services	-	241,771.49	241,771.49
Miscellaneous	227,310.57	99,176.01	326,486.58
Total operating revenues	$ 3,602,454.35	$ 3,750,114.23	$ 7,352,568.58
OPERATING EXPENSES:			
Pumping system	$ 19,598.78	$ 579,579.01	$ 599,177.79
Collection system	645,817.73	-	645,817.73
Treatment and disposal	1,097,710.59	-	1,097,710.59
Other operating expenses	261,889.98	-	261,889.98
Purification system	-	387,584.35	387,584.35
Distribution system	-	804,143.08	804,143.08
Commercial	-	272,698.66	272,698.66
General and administrative	910,914.83	605,895.47	1,516,810.30
Depreciation	813,528.27	788,684.20	1,602,212.47
Total operating expenses	$ 3,749,460.18	$ 3,438,584.77	$ 7,188,044.95
Operating income (loss)	$ (147,005.83)	$ 311,529.46	$ 164,523.63
OTHER INCOME:			
Interest earned - Sinking Fund	$ 28,888.46	$ 39,137.50	$ 68,025.96
Interest earned - Other investments	12,641.34	28,490.72	41,132.06
Other	144.90	20,363.06	20,507.96
Total other income	$ 41,674.70	$ 87,991.28	$ 129,665.98
OTHER DEDUCTIONS:			
Interest on long-term debt	$ 257,317.24	$ 374,479.03	$ 631,796.27
Other	985.38	3,582.57	4,567.95
Total other deductions	$ 258,302.62	$ 378,061.60	$ 636,364.22
Income (loss) before contributions and transfers	$ (363,633.75)	$ 21,459.14	$ (342,174.61)
Capital contributions	2,400.00	10,721.38	13,121.38
Total net assets - beginning	19,149,623.21	14,959,970.17	34,109,593.38
Total net assets - ending	$ 18,788,389.46	$ 14,992,150.69	$ 33,780,540.15

See Accountant's Compilation Report.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
WATER DEPARTMENT AND WATER POLLUTION CONTROL DIVISION
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE TEN MONTHS ENDED APRIL 30, 2006

	Sewer Fund	Water Fund	Total Current Year
Cash Flows from Operating Activities:			
Cash received from customers	$ 3,455,092.00	$ 3,577,179.53	$ 7,032,271.53
Cash received from miscellaneous	227,310.57	99,176.01	326,486.58
Cash paid to suppliers and employees	(2,977,786.12)	(2,677,593.82)	(5,655,379.94)
Net cash provided by operating activities	$ 704,616.45	$ 998,761.72	$ 1,703,378.17
Cash Flows from Noncapital Financing Activities			
Payments from (to) other funds	$ 62.52	$ -	$ 62.52
Net cash provided by noncapital financing activities	$ 62.52	$ -	$ 62.52
Cash Flows from Capital and Related Financing Activities:			
Payments on capital leases	$ (24,615.25)	$ (10,208.24)	$ (34,823.49)
Acquisition and construction of capital assets	(9,051,782.44)	(258,374.22)	(9,310,156.66)
Capital grants received	-	33,075.26	33,075.26
Interest paid on long-term debt and other	(144,527.60)	(214,341.32)	(358,868.92)
Proceeds derived from bond issuance	-	-	-
Retirement of long-term debt	8,263,298.86	(84,806.26)	8,178,492.60
Net cash used for capital and related financing activities	$ (957,626.43)	$ (534,654.78)	$ (1,492,281.21)
Cash Flows from Investing Activities:			
Interest income from restricted fund investments and other	42,642.35	67,628.22	110,270.57
Net cash provided by investing activities	$ 42,642.35	$ 67,628.22	$ 110,270.57
Net increase (decrease) in cash and restricted cash	$ (210,305.12)	$ 531,735.16	$ 321,430.04
Cash and restricted cash, July 1, 2004	2,369,171.04	2,200,579.52	4,569,750.56
Cash and restricted cash, June 30, 2005	$ 2,158,865.92	$ 2,732,314.68	$ 4,891,180.60
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:			
Net operating income (loss)	$ (147,005.83)	$ 311,529.46	$ 164,523.63
Adjustments to Reconcile Operating Income (Loss) to Depreciation	813,528.29	788,684.20	1,602,212.49
Changes in Assets and Liabilities -			
(Increase) decrease in receivables	74,924.00	(73,758.59)	1,165.41
(Increase) decrease in inventory	-	-	-
(Increase) decrease in container deposits and other assets	533.75	-	533.75
Increase (decrease) in accounts payable	15,550.65	35,646.71	51,197.36
Increase (decrease) in accrued and other liabilities	(52,914.41)	(63,339.96)	(116,254.37)
Net cash provided by operating activities	$ 704,616.45	$ 998,761.82	$ 1,703,378.27
Noncash Investing, Capital, and Financing Activities:			
Contributions of capital assets from others	$ 2,400.00	$ 10,721.38	$ 13,121.38

See Accountant's Compilation Report.

City of Wheeling
Wheeling, West Virginia

Financial Statements
Together with Auditor's Report
As of June 30, 2005

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

GOVERNMENTAL FUND TYPES

GENERAL FUND

SPECIAL REVENUE FUNDS

Coal Severance Tax
Community Development Block Grant
Consolidated Investment
Municipal Financial Stabilization
TIF Capital Project Fund

DEBT SERVICE FUND

PROPRIETARY FUND TYPE

ENTERPRISE FUNDS

Sewer
Water
Parking

COMPONENT UNIT

Wheeling Municipal Auditorium Board

FIDUCIARY FUND TYPES

TRUST FUNDS

Employees' Retirement and Benefit
Firemen's Pension or Relief
Policemen's Pension or Relief

AGENCY FUNDS

Public Debt
Home Program
Federal Income Tax and Social Security
Savings Bonds

CITY OF WHEELING
WHEELING, WEST VIRGINIA
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CITY OF WHEELING
WHEELING, WEST VIRGINIA
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CITY OF WHEELING
WHEELING, WEST VIRGINIA
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

ELECTIVE

MAYOR:	TERM
Nick Sparchane	07/01/04 to 06/30/08
COUNCIL MEMBERS:	
Gloria Delbrugge	07/01/04 to 06/30/08
Vernon Seals	07/01/04 to 06/30/08
Robert Henry	07/01/04 to 06/30/08
Brent Bush	07/01/04 to 06/30/08
Michael A. Nau	07/01/04 to 06/30/08
Barry D. Crow	07/01/04 to 06/30/08

APPOINTIVE

CITY MANAGER
Robert D. Herron

FINANCE DIRECTOR
Michael Klug

CITY SOLICITOR
Rosemary Humway-Warmuth

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA

Janet L. Roset, CPA
Michael N. Deemer, CPA
Nancy J. Gywnn, CPA
Kelley J. Cupp, CPA, MPA

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
of the City of Wheeling, West Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheeling, West Virginia, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wheeling's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Because of the inadequacy of accounting records at the Wheeling Municipal Auditorium Board (the discretely presented component unit) related to concession sales, we were unable to form an opinion regarding the amounts at which concession sales are recorded in the accompanying statement of activities.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had adequate records concerning concession sales been maintained for the Wheeling Municipal Auditorium Board, as described in the preceding paragraph, the financial statements, referred to above, present fairly, in all material respects, the financial position of the discretely presented component unit, as of June 30, 2005 and the changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wheeling, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2005, on our consideration of the City of Wheeling's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 4 through 20 and 63 through 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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 of Wheeling's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Wheeling, West Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bostwick Wilson + Kozielski PLLC

Wheeling, West Virginia,
December 30, 2005.

CITY OF WHEELING, WEST VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2005

This section of the City of Wheeling's (the City's) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the Independent Auditor's Report at the front of this report and the City's financial statements and notes following this section. As in the prior year, the City of Wheeling has prepared the financial statements based on the guidelines provided in Governmental Accounting Standards Board (GASB) Statement No. 34. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- GASB Statement No. 34 requires government-wide financial results to be reported on a full accrual basis compared to modified accrual basis. Full accrual measures resources on a long-term economic basis, whereas, modified accrual accounting measures near-term changes in resources.

- General Fund revenues exceeded budget by 5%, while expenses were only 96% of budget, resulting in a cash carryover of $2,169,265.36. Encumbered amount was $608,395.15; restricted cash was $911,262.76 for FEMA related expenses and due to other funds, resulting in an unencumbered balance of $649,607.45.

- Series 2005A Revenue Bonds ($14,500,000.00) were issued for the Wheeling Pollution Control Department (WPCD) to cover Phase 1 of a proposed 3-phase Capital Improvement project Part of these bond proceeds were used to payoff the Series 2003 Design Bonds.

- Operating revenue for WPCD was $4,491,240.36; which was an 8.7% decrease from the prior year, but 92% of budgeted revenues. Operating expenses were $4,465,633.65; which was a 2.8% decrease from the prior year, but 91% of budgeted expenses.

- Water Department was still in the "design phase" of its Capital Improvement project.

- Water's operating revenue was $4,425,808.13; this was a 4.0% increase over the prior year, but only 94% of budgeted revenues. Operating expenses were $4,009,361.54; this was a 4.3% increase over the prior year and 85% of budgeted expenses.

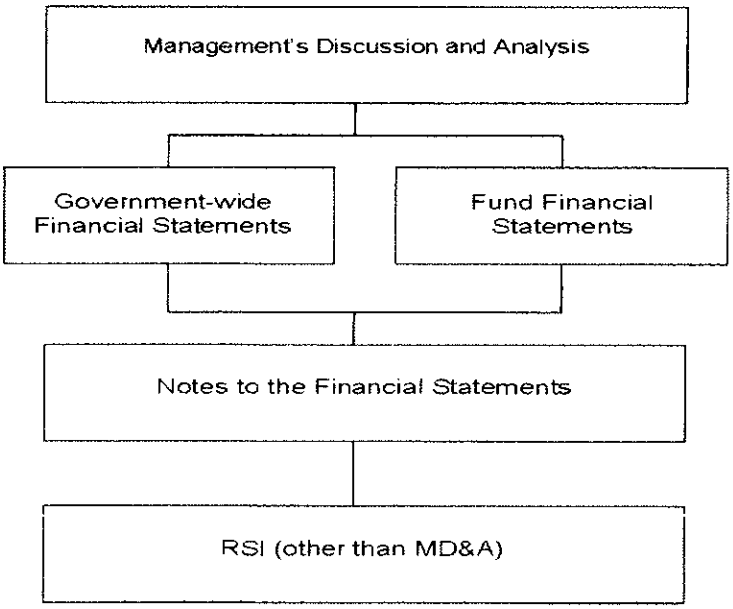
- A substantial portion of both Water and WPCD operating expenses (that caused budget overruns) can be attributed to cleanup after the September '04 and January '05 floods. Some of these expenses were reimbursed by FEMA.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Wheeling annual report consists of three parts - (1) The Introductory Section, which includes the Management Discussion and Analysis (this section). (2) The Basic Financial Statements Section, this section includes the Statement of Net Assets and Statement of Activities to report the City=s financial position on the government-wide basis of accounting. It also includes combining financial statements on the fund level of accounting and notes to the financial statements. (3) And Required Supplementary Information (RSI) that further explains and supports the information in the financial statements and Accompanying Information, which includes the Schedule of Federal Awards.

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability. Other non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure may need to be considered to assess the overall health of the City of Wheeling.

Required Components of the City of Wheeling's Financial Statements **Figure 1**



Government-wide financial statements. Government-wide financial statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of these costs through user fees and charges (*business-type activities).* The governmental activities of the City include general government, public safety, public works, health and welfare, and community development. The business-type activities of the City include sewer, solid waste and recycling, water works, economic development, and parking. The City includes one separate legal entity in its report – the Wheeling Municipal Auditorium Board (WesBanco Arena). Although legally separate, this "component unit" is important because the City is financially accountable for it and partly provides operational funding.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds in the City can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the City's basic services are included in government funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the governmental-wide financial statement, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the

government-wide financial statements. By doing so, readers may better understand the long-term impact of the government=s near-term financial decisions. Both the governmental fund balance sheet and the governmental fund, statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. - The City of Wheeling maintains three different proprietary funds. These enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wheeling uses enterprise funds to account for its Sewer, Water and Parking activities.

The proprietary funds financial statements can be found on pages 29-31 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the programs of the City. The fiduciary fund financial statement can be found on pages 32-33 of this report. Agency Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses agency funds to account for its Public Debt, Home Program, Federal Income Tax and Social Security, State Income Tax and Savings Bonds. The agency funds statement of net assets can be found on page 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide financial statements. The notes to the financial statements can be found on pages 35-56 of this report
Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. Required supplementary information can be found on pages 57-63 of this report

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wheeling, assets exceeded liabilities by $56,171,449.25 at the close of the fiscal year ending June 30, 2005 (Table 1 – Statement of Net Assets). Compared to $52,559,374.45 at the end of the previous fiscal year, representing an increase of $3,612,074.80. Most of this increase was invested in the City's capital assets.

The largest portion of Wheeling's net assets, 68.4 %, reflects its investment in capital assets (e.g. land, buildings, utility plants, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Wheeling, West Virginia
Statement of Net Assets
June 30, 2005 and 2004

Table 1

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	
Current and other assets	$ 15,351,803.98	$ 13,035,934.92	$ 4,007,627.70	$ 3,677,769.70	$ 19,359,431.68	$ 16,713,704.62	15.83%
Restricted assets	683,928.72	1,239,478.24	4,008,666.19	3,801,140.93	4,692,594.91	5,040,619.17	-6.90%
Capital assets	11,343,314.42	9,546,865.39	45,978,592.68	46,891,908.46	57,321,907.10	56,438,773.85	1.56%
Total assets	27,379,047.12	23,822,278.55	53,994,886.57	54,370,819.09	81,373,933.69	78,193,097.64	4.07%
Current and other liabilities	3,130,157.45	1,792,877.14	1,950,977.10	2,288,654.16	5,081,134.55	4,081,531.30	24.49%
Long-term liabilities	5,791,216.26	6,415,019.09	14,330,133.63	15,137,172.80	20,121,349.89	21,552,191.89	-6.64%
Total liabilities	8,921,373.71	8,207,896.23	16,281,110.73	17,425,826.96	25,202,484.44	25,633,723.19	-1.68%
Net assets:							
Invested in capital assets (net of related debt)	8,023,658.06	5,814,446.57	30,407,804.32	28,752,271.06	38,431,462.38	34,566,717.63	11.18%
Restricted net assets	683,928.72	1,239,478.24	4,008,666.19	3,801,140.93	4,692,594.91	5,040,619.17	-6.90%
Unrestricted net assets	9,141,691.48	8,422,099.00	3,297,305.33	4,391,580.14	12,438,996.81	12,813,679.14	-2.92%
Reserved for encumbrances	608,395.15	138,358.51			608,395.15	138,358.51	339.72%
Total net assets	$ 18,457,673.41	$ 15,614,382.32	$ 37,713,775.84	$ 36,944,992.13	$ 56,171,449.25	$ 52,559,374.45	6.87%

Another portion of the City's net assets, (8.4 %), represents restricted net assets which represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the City's net assets (23.2 %) represents unrestricted net assets which would be used for meeting the City's short and long-term obligations.

Governmental activities. Governmental activities increased the City's net assets by $1.8 million, compared to a decrease of $0.2 million in fiscal year 2004 (Table 2 – Statement of Governmental Activities). Fiscal year 2004 represented a more typical year with revenues and expenses closely aligned. Fiscal year 2005 contained several large Federal grants as well as additional B&O taxes due to several large construction projects.

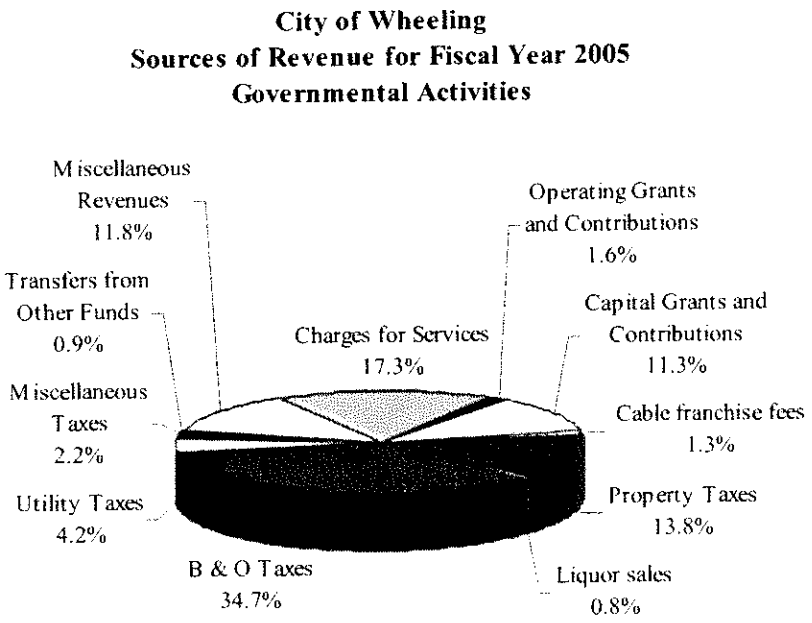
City of Wheeling, West Virginia
Statement of Activities – Governmental
June 30, 2005 and 2004

Table 2

	Governmental Activities		Percentage Change
	FY2005	FY2004	
Revenues:			
Program Revenues			
Charges for services	$ 4,813,774.70	$ 4,318,611.05	11.47%
Operating grants and contributions	443,145.68	839,899.12	-47.24%
Capital grants and contributions	3,146,717.91	2,188,000.00	43.82%
General Revenues			
Property taxes	3,833,409.72	3,633,226.84	5.51%
Business and occupation taxes	9,640,110.00	8,799,331.97	9.56%
Utility taxes	1,176,474.39	1,265,779.52	-7.06%
Cable franchise fee	372,110.78	350,341.38	6.21%
Liquor sales	229,712.45	242,343.36	-5.21%
Miscellaneous taxes	620,987.95	615,843.87	0.84%
Miscellaneous revenues	3,314,322.20	3,502,985.98	-5.39%
Unrestricted investment earnings	146,457.01	71,867.79	103.79%
Gain (loss) on sale of assets	(167,722.14)		
Transfers	240,000.00	240,000.00	0.00%
Total revenues	27,809,500.65	26,068,230.88	6.68%
Expenses:			
General government	5,853,438.69	6,731,733.27	-13.05%
Public safety	12,382,143.13	12,044,799.78	2.80%
Highways and streets	4,939,029.22	4,759,855.06	3.76%
Sanitation	1,364,891.71	1,268,398.02	7.61%
Culture and recreation	1,234,500.70	1,195,142.27	3.29%
Social services	63,417.33	56,379.05	12.48%
Debt service	134,800.62	175,400.55	-23.15%
Total expenses	25,972,221.40	26,231,708.00	-0.99%
Increase (decrease) in net assets	1,837,279.25	(163,477.12)	1023.88%
Net assets - beginning (as originally stated)	15,614,382.32	15,777,859.44	-1.04%
Prior period adjustment (Note 1(k))	1,006,011.84		
Net assets - beginning (restated)	16,620,394.16	15,777,859.44	5.34%
Net assets - ending	$18,457,673.41	$15,614,382.32	18.21%

Total revenues were $27.8 million. Three main areas represent 67.2 percent of total revenues. Approximately 14.1 percent of the City's revenues came from property taxes, 35.4 percent came from B&O taxes, and 17.7 percent came from charges for services (Chart 1 – Revenue by Source – Governmental Activities).

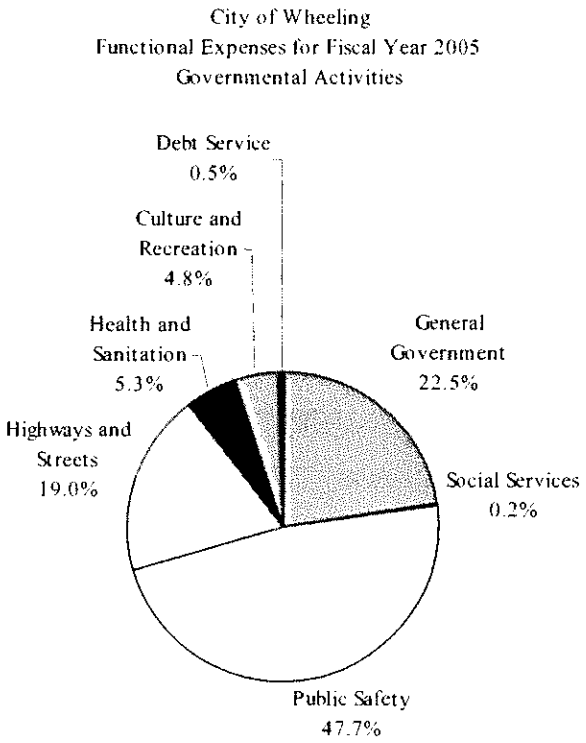
Revenue by Source – Governmental Activities **Chart 1**



Even though total revenues from governmental activities for FY2005 exceeded FY2004 revenues the sources of these revenues remained relatively the same on a percentage basis with the prior year.

The total cost of functions and programs was $26.0 million. A significant expense in the statement of activities, compared to the fund statements, is depreciation. Current year depreciation for governmental activities was $716,404.60 (Chart 2 – Expenses by Function).

Expenses by Function – Governmental Activities **Chart 2**



The City's expenses from governmental activities decreased by $259,486.60 in FY2005 but on a percentage basis functional expense were consistent with the prior year.

Business-type activities.

City of Wheeling, West Virginia
Statement of Activities - Business
June 30, 2005 and 2004

Table 3

	Business Activities		Percentage Change
	FY2005	FY2004	
Revenues:			
Program Revenues			
Charges for services			
Water	$ 4,425,808.13	$ 4,254,610.36	4.02%
Sewer	4,491,240.36	4,917,437.14	-8.67%
Parking	814,901.16	827,061.31	-1.47%
Capital grants and contributions	647,420.61	574,830.22	12.63%
General Revenues			
Miscellaneous revenues	30,181.79	17,744.20	70.09%
Unrestricted investment earnings	76,798.36	39,183.46	96.00%
Gain (loss) on sale of assets	487,451.69		
Transfers	(240,000.00)	(240,000.00)	0.00%
Total revenues	10,733,802.10	10,390,866.69	3.30%
Expenses:			
Water	4,544,627.31	4,402,566.98	3.23%
Sewer	4,855,650.98	5,001,914.17	-2.92%
Parking	564,740.10	560,145.21	0.82%
Total expenses	9,965,018.39	9,964,626.36	0.00%
Increase (decrease) in net assets	768,783.71	426,240.33	80.36%
Net assets - beginning	36,944,992.13	36,518,751.80	1.17%
Net assets - ending	$37,713,775.84	$36,944,992.13	2.08%

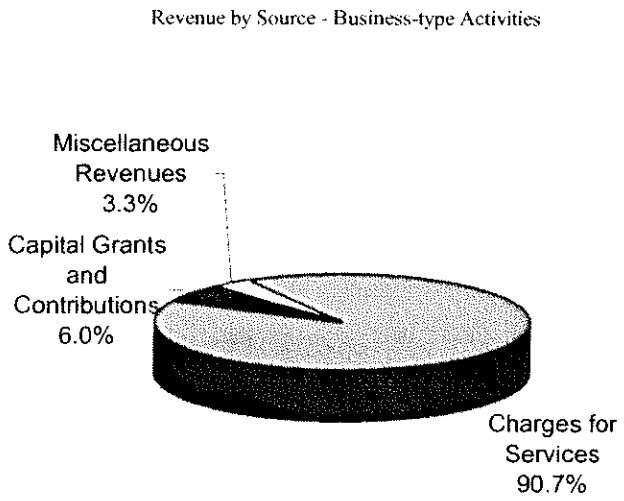
Business-type activities increased the City's net assets by $768,783.71.

Key elements of the increase are as follows:

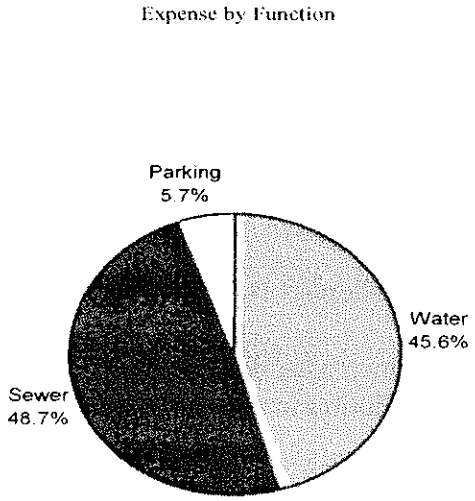
- Water department activities increased net assets by $269,423.90 but $277,932.10 of program revenues was contribution in aid of construction which is a non-cash revenue item.
- Sewer department decreased net assets by $1,383.96.
- Parking Authority had a gain on sale of $487,451.69 for forgiveness of a note payable in exchange for a parking lot (see Note 8 in the financial statements).

The percentage of miscellaneous revenues increased from 1% in the prior year to 3.3% in FY2005 due to FEMA grants to water and sewer to cover expenses by both departments during the two floods.

Revenue by Source – Business-type Activities **Chart 3**



Expenses by Function - Business **Chart 4**



Financial Analysis of the City's Funds

As noted earlier, the City of Wheeling uses fund accounting to insure compliance with finance related legal requirements.

Governmental Funds. The major fund types are the General, Coal Severance, and the Consolidated Investment Funds. The non-major types are combined in Other Governmental Funds and the Debt Service and Community Development Funds.

As of June 30, 2005, the City of Wheeling had its governmental funds reporting a total fund balance of $13.7 million. This is an increase of $1.6 million over the prior restated year end. The elements of this increase are as follows:

- The General Fund reported an increase of $0.9 million. This is only a minor change from the previous fiscal year.
- The Coal Severance Fund increased by $32,601.45 reflecting an increase of coal severance taxes being transferred from the State over prior year.
- The Consolidated Investment Fund and Other Governmental Funds showed increases of $202,807.82 and an increase of $434,122.71, respectively.

General Fund Budgetary Highlights

Over the course of the fiscal year, the City Council revised the City budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the fiscal year and reflect the actual beginning balances (verses the amounts estimated in February 2004 during the budget process). The second category includes changes that the Council made for specific additional expenditures which were covered by the City's contingency or additional revenues. Finally, Council approved several increases in appropriations to prevent budget overruns. Significant budget revisions included:

- $2,286,131.00 increase in Federal Grants due to Homeland Security grants of $550,000.00 which was split between fire and police departments and FEMA grants of $1,736,131.00 to offset the affects of two devastating floods.
- $400,000.00 increase in video lottery proceeds.
- $400,000.00 increase to Police and Fire pensions.

City of Wheeling, West Virginia
Summarized General Fund Highlights
For the year ended June 30, 2005

Table 4

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 14,284,117.00	$ 14,372,846.00	$ 15,340,422.06	$ 967,576.06
Licenses and permits	233,000.00	233,000.00	308,214.67	75,214.67
Intergovernmental	220,000.00	2,506,131.00	1,309,538.35	(1,196,592.65)
Charges for services	4,181,585.00	4,181,585.00	4,146,357.33	(35,227.67)
Fines and forfeits	345,200.00	345,200.00	359,202.70	14,002.70
Other	3,041,550.00	3,358,707.00	2,729,652.03	(629,054.97)
Total	22,305,452.00	24,997,469.00	24,193,387.14	(804,081.86)
Fund balance	100,000.00	1,585,389.00		(1,585,389.00)
Total revenue and fund balance	22,405,452.00	26,582,858.00	24,193,387.14	(2,389,470.86)
Expenditures				
General Government	2,825,173.00	4,886,548.00	5,102,261.97	(215,713.97)
Public Safety	12,048,124.00	13,153,056.00	12,789,457.32	363,598.68
Streets and maintenance	5,081,703.00	5,815,070.00	4,966,413.98	848,656.02
Health and sanitation	1,254,942.00	1,411,942.00	1,417,838.28	(5,896.28)
Culture and recreation	1,131,817.00	1,247,699.00	1,109,982.80	137,716.20
Social services	63,693.00	68,543.00	62,970.26	5,572.74
Total	22,405,452.00	26,582,858.00	25,448,924.61	1,133,933.39
Revenue over (under) expenditures	0.00	0.00	(1,255,537.47)	(1,255,537.47)
Other financing sources (uses)				
HUD loan repayment proceeds			2,050,000.00	2,050,000.00
Transfers in	1,000,000.00	1,000,000.00	1,650,668.12	650,668.12
Transfers out	(1,000,000.00)	(1,000,000.00)	(1,567,815.00)	(567,815.00)
Total other financing sources and (uses)	0.00	0.00	2,132,853.12	2,132,853.12
Fund Balance, June 30, 2004			5,933,966.97	
Fund Balance, June 30, 2005			$ 6,811,282.62	

The General Fund is the general operating checking account of the City of Wheeling. As of June 30, 2005 the checking account balance was $2,269,265.35, which is $2,169,265.35 greater than the budgeted carryover of $100,000.00. This budgeted carryover is necessary so the City may have the cash flow to pay payroll and invoices that will occur during the start of the new fiscal year and at other times of low cash flows and/or higher than usual cash payouts.

Revenues in the General Fund were similar to the prior year except for Intergovernmental. Intergovernmental revenue during FY2005 included Department of Homeland Security and FEMA grants which probably will not occur in future years to this degree.

City of Wheeling, West Virginia
Statement of General Fund - Revenue by Source
June 30, 2005 and 2004

Table 5

	FY 2005		FY 2004		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
Taxes	$ 15,340,422.06	58.45%	$ 15,072,966.24	65.70%	$ 267,455.82	1.77%
Licenses and Permits	308,214.67	1.17%	250,185.03	1.09%	58,029.64	23.19%
Intergovernmental	1,309,538.35	4.99%	172,889.51	0.75%	1,136,648.84	657.44%
Charges for Services	4,146,357.33	15.80%	4,327,960.30	18.87%	(181,602.97)	-4.20%
Fines and Forfeits	359,202.70	1.37%	293,919.92	1.28%	65,282.78	22.21%
HUD loan repayment proceeds	2,050,000.00	7.81%			2,050,000.00	
Other	2,729,652.03	10.40%	2,822,490.20	12.30%	(92,838.17)	-3.29%
Total Revenues	$ 26,243,387.14	100.00%	$ 22,940,411.20	100.00%	$ 3,302,975.94	14.40%

Consequently, expenditures were similar to the prior year except for General Government. This category contains the expenditures related to the floods occurring in September 2004 and January 2005 floods.

City of Wheeling, West Virginia
Statement of General Fund – Expenditures by Function
June 30, 2005 and 2004

Table 6

	FY 2005		FY 2004		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
General Government	$ 5,102,261.97	20.11%	$ 3,600,977.54	15.48%	$ 1,501,284.43	41.69%
Public Safety	12,789,457.32	50.42%	11,635,525.61	50.00%	1,153,931.71	9.92%
Streets and Maintenance	4,966,413.98	19.58%	4,641,580.16	19.95%	324,833.82	7.00%
Health and Sanitation	1,417,838.28	5.59%	1,195,269.80	5.14%	222,568.48	18.62%
Culture and Recreation	1,109,982.80	4.38%	1,095,732.65	4.71%	14,250.15	1.30%
Social Services	62,970.26	0.25%	53,065.13	0.23%	9,905.13	18.67%
Total Expenditures	25,448,924.61	100.33%	22,222,150.89	95.50%	3,226,773.72	14.52%
Net Transfers Out	(82,853.12)	-0.33%	1,047,044.36	4.50%	(1,129,897.48)	-53.88%
Total Expenditures and Other Financing Uses	$ 25,366,071.49	100.00%	$ 23,269,195.25	100.00%	$ 2,096,876.24	9.01%

Capital Assets and Debt

Capital Assets. The City of Wheeling's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to $57,050,971.08 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, utility plant, vehicle and equipment, and construction in progress. Infrastructure assets (bridges, streets, street lighting and traffic signals) will be included by June 30, 2007 as required by GASB Statement No. 34. The total increase in the City's investment in capital assets for the fiscal year ending June 30, 2005 was approximately 3% (a 10% increase for governmental activities and a 1% increase for business-type activities). Overall, net capital assets increased by $1.45 million over the previous fiscal year.

City of Wheeling, West Virginia
Statement of Capital Assets
(net of accumulated depreciation)
June 30, 2005 and 2004

Table 7

	Governmental Activities		Business-type Activities		Totals		Percent
	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	Chang
Land	$ 2,648,684.29	$ 2,539,195.10	$ 1,450,413.50	$ 1,450,413.50	$ 4,099,097.79	$ 3,989,608.60	2.74%
Land Improvements	34,720.98				34,720.98		
Parking Structures & Equipment			1,615,456.01	1,771,882.34	1,615,456.01	1,771,882.34	-8.83%
Utility plant			41,326,515.42	41,608,808.56	41,326,515.42	41,608,808.56	-0.68%
Building and improvements	4,409,231.17	2,732,778.77			4,409,231.17	2,732,778.77	61.35%
Vehicles and equipment	3,456,752.35	3,158,705.03			3,456,752.35	3,158,705.03	9.44%
Infrastructures	270,936.05						
Construction in progress	522,989.58	1,116,186.49	1,586,207.78	2,060,804.06	2,109,197.36	3,176,990.55	-33.61%
Total	$ 11,343,314.42	$ 9,546,865.39	$ 45,978,592.71	$ 46,891,908.46	$ 57,050,971.08	$ 56,438,773.85	1.08%

The City's capital assets are recorded at historical or estimated historical costs in the governmental-wide financial statements as required by GASB Statement No. 34. Construction in progress at fiscal year end 2004 has a 33.6% decrease as compared to the prior fiscal year. Governmental activities construction in progress includes Civic Center design work and Police Department communication and computer upgrades. A business-type activity, besides the normal construction in progress for water and sewer at fiscal year end, includes preliminary survey and investigation for the design work for the large capital improvement project.

Long-term debt. As of June 30 2005, the City of Wheeling had total long-term bonds outstanding of $18,127,204.10 compared to $19,143,588.54 in the prior fiscal year. Of this amount, $2,710,000.00 related to governmental activities and $15,417,203.84 related to business activities. In addition to bonded debt, the City had a HUD loan outstanding as of June 30, 2005 with a balance of $2,150,000.00.

City of Wheeling, West Virginia
Statement of Bond Indebtedness
June 30, 2005 and 2004

Table 8

	Balance 30-Jun-04	Additions	Maturities	Balance 30-Jun-05	Percentage Change
General Obligation Bonds					
Series 1975	$ 380,000.00		$ 185,000.00	$ 195,000.00	-48.68%
Series 2003	2,575,000.00		60,000.00	2,515,000.00	-2.33%
	2,955,000.00		245,000.00	2,710,000.00	-8.29%
Revenue Bonds					
Water and Sewer Series 1992A					
Water and Sewer Series 1997	14,200,000.00		1,205,000.00	12,995,000.00	-8.49%
Water and Sewer Design Series 2003	1,480,315.14	159,189.00	1,318,022.04	321,482.10	-78.28%
Sewer Revenue Series 2005		2,100,722.00		2,100,722.00	
	15,680,315.14	2,259,911.00	2,523,022.04	15,417,204.10	-1.68%
Other					
Note Payable Parking	508,273.40		508,273.40	0.00	-100.00%
	508,273.40		508,273.40	0.00	-100.00%
	$ 19,143,588.54	$ 2,259,911.00	$ 3,276,295.44	$ 18,127,204.10	-5.31%

State statutes limit the amount of general obligation debt a government may issue to 2.5 percent of its total assessed valuation of real property. The current limitation for the City of Wheeling is $19,541,901.00. This is significantly more than the City's current total outstanding general obligation bond debt.

The City maintained an "AAA" rating from Standard & Poor's and an "Aa1" rating from Moody's for its general obligation and revenue bonds debt for all of the fiscal year ending June 30, 2005. Additional information on the City's long-term debt can be found in Note 8 on pages 48-50 of this report.

V. Economic Factors and Next Year's Budget and Rates

The City of Wheeling, like most cities throughout the region, has had to deal with increasing costs and shrinking revenues. Health care costs for employees, liability insurance, higher fuel costs, wages, workers compensation, etc. have led to a very tight budget situation. However, the City of Wheelng's Administration and City Council have worked closely together to insure budget stability while continuing to provide quality public services to the citizens of Wheeling. To help accomplish that goal, the City Council has maintained a $1,000,000 Municipal Financial Stabilization Fund. The City has been aggressive in collecting the appropriate amounts of B&O Taxes from applicable businesses. The City Council adjusted ambulance rates to better reflect the costs of providing the service and in line with current "industry standards" and continues to monitor all fee schedules to insure competitiveness. Also revenue to the General Fund has been enhanced by the retirement of all debt for the City's parking system, in which $20,000 a month is now contributed to the General Fund from the parking system.

Overall the City is attempting to ensure that every possible revenue source is maximized in accordance with City policy, ordinances or state code to ensure that all citizens and businesses are treated fairly.

The City's elected and appointed officials considered many factors when setting the fiscal year 2005-06 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The unemployment rate for the City of Wheeling at the end of November, 2005, as released by the WV Bureau of Employment Programs, is 4.0%. The rate is below the states' rate of 4.5% and the national rate of 5.0%. Several economic development projects have been completed or are under construction in and around the City of Wheeling and these contributed to the lower unemployment rate. These projects included 2 additional industrial companies in the Peninsula Industrial Park; the now completed $68 million expansion at the Wheeling Island Racetrack and Gaming Center, which created 400 new jobs; the opening of the Orrick Information Center, creating 200 new jobs; the construction of the Federal Courthouse expansion and many more small business expansions. In the last 3 years over 65 new businesses have opened in the City of Wheeling. In addition, in August, 2004 a Cabala's Outdoor Super Store opened along with a distribution center just outside the City limits in Ohio County. This project, as well as development around it, will create over 1,500 new jobs for the Wheeling area. For the future, a major retail center is planned for the Center Wheeling area that will create over 500,000 square feet of retail/commercial space and create over 700 new jobs. The first phase of this project is completed as a 166,000 square foot Lowe's Home Improvement Center opened in December, 2005. Additionally, the City was successful in creating a Tax Increment Finance District involving the downtown, the Industrial Park, Center wheeling and parts of South Wheeling and Wheeling Island that will provide funding for economic development projects within the district. In September, 2004, the City was the first in the State of West Virginia to receive project approval from the State's Development Office for a Tax Increment Financing Project that includes the renovation of the "Stone's Building" in downtown Wheeling. Tax Increment Financing Bonds have been sold for this project with construction slated for completion in April, 2006. In addition, the West Virginia Northern

Community College received funding for their College Square Project which began construction of this $8,000,000 project in January, 2005 with completion scheduled in time for the fall, 2006 semester.

An ongoing challenge to this and future budgets are the unfunded liabilities in the Policemen's and Firemen's Pension and Relief Funds. Currently the Municipal Employee's Retirement and Benefit Fund is over funded. As of July 1, 2004 (the date of the most current actuarial report) the policemen's pension was 17% funded and the firemen's pension was 16% funded (see Note 7 in the financial statements and Defined Benefit Pension Trusts – Required Supplementary Information on pages 57-59). These funded ratios have increased over the last several years and are estimated to be 21% for policemen's and 20% for firemen's pensions as of July 1, 2005, with the municipal employee's pension remaining over funded.

VI. Request for Information.

This financial report is designed to provide a general overview of the City of Wheelng's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Financial Director at the City of Wheeling, 1500 Chapline Street, Room 109, Wheeling, WV 26003.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wheeling Municipal Auditorium Board
ASSETS				
Cash and cash equivalents	$ 8,879,062.93	$ 1,177,488.62	$ 10,056,551.55	$ 114,865.66
Investments	-	-	-	347,025.00
Receivables (net of allowance)	5,808,721.39	1,331,253.98	7,139,975.37	50,775.61
Internal balances	64,019.66	(64,019.66)	-	-
Inventories	-	185,224.09	185,224.09	20,130.78
Prepaids	600,000.00	3,015.00	603,015.00	8,250.00
Unamortized debt discount and expense	-	1,374,665.67	1,374,665.67	-
Other assets	-	-	-	62,185.74
Restricted assets:				
Restricted funds				
Restricted Debt Service & TIF	683,928.72	-	683,928.72	-
Sinking fund	-	2,108,582.72	2,108,582.72	-
Depreciation fund	-	1,044,054.33	1,044,054.33	-
Construction fund	-	20,924.41	20,924.41	-
Maintenance fund	-	374,424.39	374,424.39	-
Renewal and replacement fund	-	360,694.26	360,694.26	-
Design revenue fund	-	99,986.08	99,986.08	-
Capital Assets (Net of Accumulated depreciation):				
Land and land improvements	2,683,405.27	1,450,413.50	4,133,818.77	-
Infrastructure	270,936.05	-	270,936.05	-
Parking structures and equipment	-	1,615,456.01	1,615,456.01	-
Utility plant, in service	-	41,326,515.39	41,326,515.39	-
Buildings and improvements	4,409,231.17	-	4,409,231.17	1,394,451.80
Vehicles and equipment	3,456,752.35	-	3,456,752.35	52,585.33
Construction in progress	522,989.58	1,586,207.78	2,109,197.36	-
Total assets	$ 27,379,047.12	$ 53,994,886.57	$ 81,373,933.69	$ 2,050,269.92

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wheeling Municipal Auditorium Board
LIABILITIES				
Accounts Payable	$ 410,888.13	$ 183,396.73	$ 594,284.86	$ 70,176.62
Accrued payroll and other accrued liabilities	1,110,536.89	353,016.11	1,463,553.00	46,253.07
Current maturity of capital leases payable	252,062.58	49,223.49	301,286.07	-
Current maturity of bonds payable	255,000.00	1,297,015.17	1,552,015.17	-
Current maturity of note payable	100,000.00	-	100,000.00	-
Accrued interest payable	13,062.96	59,440.60	72,503.56	-
Deferred revenue	988,606.89	8,885.00	997,491.89	61,288.40
Deposit and allowance for painting	-	105,583.93	105,583.93	-
Estimated liability for landfill closure	928,622.48	-	928,622.48	-
Long term maturity of capital leases payable	357,593.78	104,360.77	461,954.55	-
Long term maturity of bonds payable	2,455,000.00	14,120,188.93	16,575,188.93	-
Long term maturity of note payable	2,050,000.00	-	2,050,000.00	-
Total liabilities	$ 8,921,373.71	$ 16,281,110.73	$ 25,202,484.44	$ 177,718.09
NET ASSETS				
Invested in capital assets (Net of related debt)	$ 8,023,658.06	$ 30,407,804.32	$ 38,431,462.38	$ 1,447,037.13
Restricted for:				
Capital projects	-	1,064,978.74	1,064,978.74	-
Debt service	683,928.72	2,208,568.80	2,892,497.52	-
Other purposes	-	735,118.65	735,118.65	-
Unrestricted	9,141,691.48	3,297,305.33	12,438,996.81	425,514.70
Reserved for encumbrances	608,395.15	-	608,395.15	-
Total net assets	$ 18,457,673.41	$ 37,713,775.84	$ 56,171,449.25	$ 1,872,551.83

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Wheeling Municipal Auditorium Board**
Primary government:								
Governmental activities:								
General government	$ 5,853,438.69	$ 308,214.67	$ 141,728.51	$ 2,420,652.07	$ (2,982,843.44)	$ -	$ (2,982,843.44)	-
Public safety	12,382,143.13	3,083,055.83	301,417.17	525,243.91	(8,472,426.22)	-	(8,472,426.22)	-
Highways and streets	4,939,029.22	-	-	-	(4,939,029.22)	-	(4,939,029.22)	-
Health and sanitation	1,364,891.71	1,422,504.20	-	-	57,612.49	-	57,612.49	-
Culture and recreation	1,234,500.70	-	-	200,821.93	(1,033,678.77)	-	(1,033,678.77)	-
Social services	63,417.33	-	-	-	(63,417.33)	-	(63,417.33)	-
Debt service	134,800.62	-	-	-	(134,800.62)		(134,800.62)	-
Total governmental activities	$ 25,972,221.40	$ 4,813,774.70	$ 443,145.68	$ 3,146,717.91	$ (17,568,583.11)	$ -	$ (17,568,583.11)	$ -
Business-type activities:								
Water	$ 4,544,627.31	4,425,808.13	-	311,007.36	-	192,188.18	192,188.18	-
Sewer	4,855,650.98	4,491,240.36	-	336,413.25	-	(27,997.37)	(27,997.37)	-
Parking	564,740.10	814,901.16	-	-	-	250,161.06	250,161.06	-
Total business-type activities	9,965,018.39	9,731,949.65	-	647,420.61	-	414,351.87	414,351.87	-
Total primary government	$ 35,937,239.79	$ 14,545,724.35	$ 443,145.68	$ 3,146,717.91	$ (17,568,583.11)	$ 414,351.87	$ (17,154,231.24)	$ -
Component Unit:								
Municipal Auditorium Board	$ 1,685,718.63	$ 1,412,332.78	$ -	$ -	$ -	$ -	$ -	$ (273,385.85)
Total component unit	$ 1,685,718.63	$ 1,412,332.78	$ -	$ -	$ -	$ -	$ -	$ (273,385.85)
General Revenues:								
Property taxes					$ 3,833,409.72	$ -	$ 3,833,409.72	-
Business and occupation taxes					9,640,110.00	-	9,640,110.00	-
Utility taxes					1,176,474.39	-	1,176,474.39	-
Cable franchise fee					372,110.78	-	372,110.78	-
Liquor sales					229,712.45	-	229,712.45	-
Miscellaneous taxes					620,987.95	-	620,987.95	-
Miscellaneous revenues					3,314,322.20	30,181.79	3,344,503.99	47,607.91
Unrestricted investment earnings					146,457.01	76,798.36	223,255.37	6,702.85
Gain (loss) on sale of assets					(167,722.14)	487,451.69	319,729.55	-
Subsidy					-	-	-	200,799.69
Transfers					240,000.00	(240,000.00)	-	-
Total general revenues and transfers					$ 19,405,862.36	$ 354,431.84	$ 19,760,294.20	$ 255,110.45
Changes in net assets					1,837,279.25	768,783.71	2,606,062.96	(18,275.40)
Net assets- beginning, as originally stated					$ 15,614,382.32	$ 36,944,992.13	$ 52,559,374.45	$ 1,890,827.23
Prior period adjustment (Note 1(k))					$ 1,006,011.84	$ -	$ 1,006,011.84	$ -
Net assets- beginning, as restated					$ 16,620,394.16	$ 36,944,992.13	$ 53,565,386.29	$ -
Net assets- ending					$ 18,457,673.41	$ 37,713,775.84	$ 56,171,449.25	$ 1,872,551.83

The notes to the financial statements are an integral part of this statement.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

	GOVERNMENTAL FUND TYPES				
	General Fund	Coal Severence Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	$ 4,502,578.08	$ 149,449.52	$ 3,038,730.03	$ 1,474,240.72	$ 9,164,998.35
Cash with fiscal agent	-	-	-	397,993.30	397,993.30
Receivables (net of allowance for uncollectibles):					
Accounts and taxes	3,817,157.26	-	94,107.73	10,737.91	3,922,002.90
Charges for services and other	759,223.80	-	-	-	759,223.80
Loans receivable (net)	-	-	-	1,127,494.69	1,127,494.69
Due from other funds	97,299.37	-	117,091.00	-	214,390.37
Prepaids			300,000.00	300,000.00	600,000.00
Total assets	$ 9,176,258.51	$ 149,449.52	$ 3,549,928.76	$ 3,310,466.62	$ 16,186,103.41
LIABILITIES:					
Accounts payable	$ 414,891.83	$ -	$ 39,725.30	$ -	$ 454,617.13
Accrued payroll	376,035.80	-	-	-	376,035.80
Payroll withholdings and other accrued liabilities	114,922.26	-	-	-	114,922.26
Deferred revenue	1,435,270.00	-	-	8,356.45	1,443,626.45
Due to other funds	23,856.00	60,335.00	-	66,179.71	150,370.71
Total liabilities	$ 2,364,975.89	$ 60,335.00	$ 39,725.30	$ 74,536.16	$ 2,539,572.35
FUND EQUITY:					
Fund Balance					
Unreserved reported in:					
General Fund	$ 6,202,887.47	$ -	$ -	$ -	$ 6,202,887.47
Special revenue funds	-	89,114.52	3,510,203.46	2,552,001.74	6,151,319.72
Reserved for:					
Debt Service	-	-	-	683,928.72	683,928.72
Encumbrances	608,395.15	-	-	-	608,395.15
Total fund equity	$ 6,811,282.62	$ 89,114.52	$ 3,510,203.46	$ 3,235,930.46	13,646,531.06
Total liabilities and fund equity	$ 9,176,258.51	$ 149,449.52	$ 3,549,928.76	$ 3,310,466.62	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental actitivites are not financial resources and, therefore, are not reported in the funds.	$ 11,343,314.42
Other long term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	455,019.56
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(6,987,191.63)
Net assets of governmental activities	$ 18,457,673.41

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes -					
General property	$ 3,341,339.50	$ -	$ -	$ 439,808.64	$ 3,781,148.14
Utilities	1,171,370.54	-	-	-	1,171,370.54
Business and Occupation Tax	9,614,279.81	-	-	-	9,614,279.81
Liquor sales	220,333.48	-	-	-	220,333.48
Amusement	17,222.81	-	-	-	17,222.81
Cable franchise fee	372,110.78	-	-	-	372,110.78
Miscellaneous	603,765.14	-	-	-	603,765.14
Total taxes	$ 15,340,422.06	$ -	$ -	$ 439,808.64	$ 15,780,230.70
Licenses and permits -					
Business licenses	$ 101,666.13	$ -	$ -	$ -	$ 101,666.13
Private club licenses	48,550.00	-	-	-	48,550.00
Insurance licenses	17,102.00	-	-	-	17,102.00
Building permits	124,106.24	-	-	-	124,106.24
Other permits and inspection fees	16,790.30	-	-	-	16,790.30
Total licenses and permits	$ 308,214.67	$ -	$ -	$ -	$ 308,214.67
Intergovernmental -					
Federal government	$ 1,115,625.33	$ -	$ 502,239.10	$ 1,645,000.00	$ 3,262,864.43
State government	193,913.02	87,703.75	65,000.00	-	346,616.77
County government	-	-	-	-	-
Total intergovernmental	$ 1,309,538.35	$ 87,703.75	$ 567,239.10	$ 1,645,000.00	$ 3,609,481.20
Charges for services -					
Fire service	$ 2,068,167.47	$ -	$ -	$ -	$ 2,068,167.47
Sanitation fees	1,422,504.20	-	-	-	1,422,504.20
Ambulance service	655,685.66	-	-	-	655,685.66
Total charges for services	$ 4,146,357.33	$ -	$ -	$ -	$ 4,146,357.33
Fines and forfeits	$ 359,202.70	$ -	$ -	$ -	$ 359,202.70
Miscellaneous revenue -					
Charges to other funds	$ 88,243.24	$ -	$ -	$ -	$ 88,243.24
Parking meters	257,238.97	-	-	-	257,238.97
Encroachment fees	-	-	-	-	-
Interest	70,813.04	693.86	52,782.91	22,167.20	146,457.01
Other	2,313,356.78	-	447,115.35	64,957.71	2,825,429.84
Total miscellaneous revenue	$ 2,729,652.03	$ 693.86	$ 499,898.26	$ 87,124.91	$ 3,317,369.06
Total revenue	$ 24,193,387.14	$ 88,397.61	$ 1,067,137.36	$ 2,171,933.55	$ 27,520,855.66

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:					
General Government -					
Finance department	$ 2,204,390.81	$ -	$ 1,314,615.25	$ 70.43	$ 3,519,076.49
City clerk's office	53,656.22	-	-	-	53,656.22
City manager's office	345,970.46	55,796.16	-	-	401,766.62
Department of development	504,939.53	-	-	1,064,800.96	1,569,740.49
Planning and zoning	-	-	-	-	-
Engineering	140,943.31	-	-	-	140,943.31
Personnel office	210,706.87	-	-	-	210,706.87
Market house	124,271.53	-	-	-	124,271.53
Capital projects	1,187,952.95	-	-	-	1,187,952.95
City Attorney	125,021.27	-	-	-	125,021.27
Mayor and City Council	78,547.62	-	-	-	78,547.62
Police judges office	111,444.16	-	-	-	111,444.16
Capital outlays	14,417.24				14,417.24
Total general government	$ 5,102,261.97	$ 55,796.16	$ 1,314,615.25	$ 1,064,871.39	$ 7,537,544.77
Public Safety -					
Fire department	$ 6,261,268.65	$ -	$ -	$ -	$ 6,261,268.65
Police department	5,404,555.17	-	-	-	5,404,555.17
Central dispatch	543,975.66	-	-	-	543,975.66
Capital outlays of equipment	579,657.84	-	-	-	579,657.84
Total public safety	$ 12,789,457.32	$ -	$ -	$ -	$ 12,789,457.32
Streets and maintenance -					
Building and grounds	$ -	$ -	$ -	$ -	$ -
Cemetery maintenance	-	-	-	-	-
Public transportation	691,110.13	-	-	-	691,110.13
Electric department	-	-	-	-	-
Central garage	714,990.18	-	-	-	714,990.18
Street department	3,401,590.54	-	-	-	3,401,590.54
Capital outlays of equipment	158,723.13	-	-	-	158,723.13
Total streets and maintenance	$ 4,966,413.98	$ -	$ -	$ -	$ 4,966,413.98
Health and sanitation					
Recycling center	$ 214,768.23	$ -	$ -	$ -	$ 214,768.23
Garbage department	1,203,070.05	-	-	-	1,203,070.05
Inspection department	-	-	-	-	-
Total sanitation department	$ 1,417,838.28	$ -	$ -	$ -	$ 1,417,838.28
Culture and recreation					
Parks	$ 289,141.82	$ -	$ -	$ -	$ 289,141.82
Visitors bureau	223,015.27	-	-	-	223,015.27
Playgrounds	315,224.69	-	-	-	315,224.69
Civic center	209,687.83	-	-	-	209,687.83
Recreation department	72,913.19			-	72,913.19
Total culture and recreation	$ 1,109,982.80	$ -	$ -	$ -	$ 1,109,982.80

(Continued)

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL GOVERNMENTAL FUND TYPES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Coal Severance Fund	Consolidated Investment Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES (Continued):					
Social Services					
Human Services/Affirmative Action	$ 62,970.26	$ -	$ -	$ -	$ 62,970.26
Total Social Services	$ 62,970.26	$ -	$ -	$ -	$ 62,970.26
Debt service -					
Principal retirement	$ -	$ -	$ -	$ 245,000.00	$ 245,000.00
Interest and fiscal charges	-	-	-	134,800.62	134,800.62
Total debt service	$ -	$ -	$ -	379,800.62	$ 379,800.62
Total expenditures	$ 25,448,924.61	$ 55,796.16	$ 1,314,615.25	1,444,672.01	$ 28,264,008.03
Revenue over (under) expenditures before transfers	$ (1,255,537.47)	$ 32,601.45	$ (247,477.89)	727,261.54	$ (743,152.37)
OTHER FINANCING SOURCES (USES):					
Proceeds from HUD Loan Repayment	2,050,000.00	-	-	-	2,050,000.00
Transfers in	1,650,668.12	-	567,815.00	1,000,000.00	3,218,483.12
Transfers out	(1,567,815.00)	-	(117,529.29)	(1,293,138.83)	(2,978,483.12)
Total other financing sources and uses	2,132,853.12	-	450,285.71	(293,138.83)	2,290,000.00
Net change in fund balances	877,315.65	32,601.45	202,807.82	434,122.71	1,546,847.63
FUND BALANCE, JUNE 30, 2004, as originally stated	5,933,966.97	56,513.07	2,378,773.16	1,795,795.91	10,165,049.11
Prior Period Adjustment (Note 1 (k))	-	-	928,622.48	1,006,011.84	1,934,634.32
FUND BALANCE, JUNE 30, 2004, as restated	5,933,966.97	56,513.07	3,307,395.64	2,801,807.75	12,099,683.43
FUND BALANCE, JUNE 30, 2005	$ 6,811,282.62	$ 89,114.52	$ 3,510,203.46	3,235,930.46	$ 13,646,531.06

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances-total governmental funds	$ 1,546,847.63
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 outlays of $2,704,283.77 exceeded depreciation of $716,404.60 in the current period.	1,987,879.17
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, capital leases, and donations if any) is to decrease net assets.	(23,667.68)
The repayment of a principal portion of long-term debt is reported as an expenditure in governmental funds. However, in the statement of activities the payment represents a reduction to the government's general debt.	245,000.00
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.	(114,661.58)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	245,881.71
The repayment of a long-term receivable is reported as a revenue in governmental funds. However, in the government-wide financial statements the proceeds represent a reduction to the government's receivable.	(2,050,000.00)
Change in net assets of governmental activities	$ 1,837,279.25

The notes to the financial statements are an integral part of this statement.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	PROPRIETARY FUND TYPES			Total
	Sewer Fund	Water Fund	Parking Fund	Current Year
ASSETS:				
Current assets				
Cash	$ 874,761.35	$ 47,017.28	$ 255,709.99	$ 1,177,488.62
Receivables (net of allowance for uncollectibles):				
Accounts and taxes	751,126.10	553,173.15	22,804.40	1,327,103.65
Accrued interest	1,727.63	2,164.06	258.64	4,150.33
Inventory of supplies, at cost	-	185,224.09	-	185,224.09
Prepaid expenses	-	-	3,015.00	3,015.00
Total current assets	$ 1,627,615.08	$ 787,578.58	$ 281,788.03	$ 2,696,981.69
Non-current assets				
Restricted funds:				
Sinking fund	$ 959,229.85	$ 1,149,352.87	$ -	$ 2,108,582.72
Depreciation fund	430,538.35	613,515.98	-	1,044,054.33
Construction fund	4,655.41	16,269.00	-	20,924.41
Maintenance fund	-	374,424.39	-	374,424.39
Renewal and replacement fund	-	-	360,694.26	360,694.26
Design revenue fund	99,986.08	-	-	99,986.08
Capital assets:				
Land	-	-	1,450,413.50	1,450,413.50
Structures, improvements, parking lots and equipment	-	-	5,816,884.02	5,816,884.02
Less: Allowance for depreciation	-	-	(4,201,428.01)	(4,201,428.01)
Utility plant:				
In service	52,653,302.92	38,140,803.24	-	90,794,106.16
Less: Allowance for depreciation	(30,368,048.79)	(19,099,541.98)	-	(49,467,590.77)
Construction work in progress	1,023,453.62	562,196.83	557.33	1,586,207.78
Unamortized debt discount and expense	569,571.70	805,093.97	-	1,374,665.67
Total non-current assets	$ 25,372,689.14	$ 22,562,114.30	$ 3,427,121.10	$ 51,361,924.54
Total assets	$ 27,000,304.22	$ 23,349,692.88	$ 3,708,909.13	$ 54,058,906.23
LIABILITIES:				
Current liabilities				
Accounts payable	$ 101,174.33	$ 67,864.97	$ 14,357.43	$ 183,396.73
Due to other funds	284.66	43,735.00	20,000.00	64,019.66
Accrued payroll	50,344.88	55,807.71	4,326.69	110,479.28
Payroll withholdings and other accrued liabilities	107,209.18	123,355.02	11,975.63	242,539.83
Accrued interest payable	23,417.75	36,022.85	-	59,440.60
Deferred revenue	-	-	8,885.00	8,885.00
Current maturity of revenue bonds payable	537,324.04	759,691.13	-	1,297,015.17
Current maturity of capital leases payable	24,615.25	24,608.24	-	49,223.49
Total current liabilities	$ 844,367.09	$ 1,111,084.92	$ 59,544.75	$ 2,014,996.76
Non-current liabilities:				
Long-term revenue bonds payable	6,906,074.10	7,214,114.83	-	14,120,188.93
Long term maturity of capital leases payable	52,187.81	52,172.96	-	104,360.77
Allowance for painting and sealant	-	-	45,181.92	45,181.92
Deposits	48,052.01	12,350.00	-	60,402.01
Total non-current liabilities	$ 7,006,313.92	$ 7,278,637.79	$ 45,181.92	$ 14,330,133.63
Total liabilities	$ 7,850,681.01	$ 8,389,722.71	$ 104,726.67	$ 16,345,130.39
NET ASSETS:				
Invested in capital assets (net of related debt)	$ 15,788,506.55	$ 11,552,870.93	$ 3,066,426.84	$ 30,407,804.32
Restricted for:				
Capital projects	435,193.76	629,784.98	-	1,064,978.74
Debt services	1,059,215.93	1,149,352.87	-	2,208,568.80
Other purposes	-	374,424.39	360,694.26	735,118.65
Unrestricted	$ 1,866,706.97	$ 1,253,537.00	$ 177,061.36	$ 3,297,305.33
Total net assets	$ 19,149,623.21	$ 14,959,970.17	$ 3,604,182.46	$ 37,713,775.84

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	PROPRIETARY FUND TYPES			
	Sewer Fund	Water Fund	Parking Fund	Total Current Year
OPERATING REVENUES:				
Charges for services	$ 3,570,555.77	$ 3,150,355.24	$ -	$ 6,720,911.01
Sales to other systems	700,200.45	682,183.85	-	1,382,384.30
Fire protection services	-	234,643.88	-	234,643.88
Billing and collection services	-	240,285.29	-	240,285.29
Lease revenue	-	-	557,156.68	557,156.68
Transient revenue	-	-	211,239.34	211,239.34
Special event revenue	-	-	29,059.44	29,059.44
Miscellaneous	220,484.14	118,339.87	17,445.70	356,269.71
Total operating revenues	$ 4,491,240.36	$ 4,425,808.13	$ 814,901.16	$ 9,731,949.65
OPERATING EXPENSES:				
Pumping system	$ 30,146.90	$ 691,828.57	$ -	$ 721,975.47
Collection system	731,661.07	-	-	731,661.07
Treatment and disposal	1,362,515.19	-	-	1,362,515.19
Provision for painting and sealant	-	-	38,354.75	38,354.75
Maintenance	-	-	73,513.02	73,513.02
Other operating expenses	319,204.06	-	-	319,204.06
Purification system	-	406,213.72	-	406,213.72
Distribution system	-	893,328.43	-	893,328.43
Commercial	-	389,502.14	-	389,502.14
General and administrative	1,053,474.15	691,278.84	294,984.99	2,039,737.98
Depreciation	968,632.28	937,209.84	157,887.34	2,063,729.46
Total operating expenses	$ 4,465,633.65	$ 4,009,361.54	$ 564,740.10	$ 9,039,735.29
Operating income (loss)	$ 25,606.71	$ 416,446.59	$ 250,161.06	$ 692,214.36
OTHER INCOME:				
Interest earned - Sinking Fund	$ 17,948.98	$ 28,105.36	$ -	$ 46,054.34
Interest earned - Other investments	8,664.43	19,448.57	2,631.02	30,744.02
Gain on sale of asset	-	-	487,451.69	487,451.69
Other	-	30,181.79	-	30,181.79
Total other income	$ 26,613.41	$ 77,735.72	$ 490,082.71	$ 594,431.84
OTHER DEDUCTIONS:				
Interest on long-term debt	$ 388,669.98	$ 531,143.25	$ -	$ 919,813.23
Other	1,347.35	4,122.52	-	5,469.87
Total other deductions	$ 390,017.33	$ 535,265.77	$ -	$ 925,283.10
Income (loss) before contributions and transfers	$ (337,797.21)	$ (41,083.46)	$ 740,243.77	$ 361,363.10
Capital contributions, grants	$ 336,413.25	$ 33,075.26	$ -	$ 369,488.51
Capital contributions	-	277,932.10	-	277,932.10
Transfers to other funds	-	-	(240,000.00)	(240,000.00)
Total net assets - beginning	19,151,007.17	14,690,046.27	3,103,938.69	36,944,992.13
Total net assets - ending	$ 19,149,623.21	$ 14,959,970.17	$ 3,604,182.46	$ 37,713,775.84

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE YEAR ENDED JUNE 30, 2005

	Sewer Fund	Water Fund	Parking Fund	Totals
Cash Flows from Operating Activities:				
Cash received from customers	$ 4,457,116.15	$ 4,297,786.36	$ $867,472.86	$ 9,622,375.37
Cash received from miscellaneous	220,484.14	118,339.87	17,445.70	356,269.71
Cash paid to suppliers and employees	(3,654,749.21)	(3,157,780.93)	(409,991.61)	(7,222,521.75)
Net cash provided by operating activities	$ 1,022,851.08	$ 1,258,345.30	$ 474,926.95	$ 2,756,123.33
Cash Flows from Noncapital Financing Activities				
Payments from (to) other funds	$ (5,370.64)	$ -	$ (240,000.00)	$ (245,370.64)
Net cash provided by noncapital financing activities	$ (5,370.64)	$ -	$ (240,000.00)	$ (245,370.64)
Cash Flows from Capital and Related Financing Activities:				
Payments on capital leases	$ (23,679.29)	$ (23,672.55)	$ -	$ (47,351.84)
Acquisition and construction of capital assets	(554,122.48)	(399,196.13)	(22,840.05)	(976,158.66)
Capital grants received	336,346.43	33,075.26	-	369,421.69
Interest paid on long-term debt and other	(363,078.27)	(470,232.54)	-	(833,310.81)
Proceeds derived from bond issuance	2,100,722.00	159,189.00	-	2,259,911.00
Retirement of long-term debt	(1,753,411.12)	(769,610.92)	-	(2,523,022.04)
Net cash used for capital and related financing activities	$ (257,222.73)	$ (1,470,447.88)	$ (22,840.05)	$ (1,750,510.66)
Cash Flows from Investing Activities:				
Interest income from restricted fund investments and other	26,035.36	47,553.93	2,453.39	76,042.68
Net cash provided by investing activities	$ 26,035.36	$ 47,553.93	$ 2,453.39	$ 76,042.68
Net increase (decrease) in cash and restricted cash	$ 786,293.07	$ (164,548.65)	$ 214,540.29	$ 836,284.71
Cash and restricted cash, July 1, 2004	1,582,877.97	2,334,946.38	401,863.96	4,319,688.31
Cash and restricted cash, June 30, 2005	$ 2,369,171.04	$ 2,170,397.73	$ 616,404.25	$ 5,155,973.02
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:				
Net operating income (loss)	$ 25,606.71	$ 416,446.59	$ 250,161.06	$ 692,214.36
Adjustments to Reconcile Operating Income (Loss) to Depreciation	968,632.28	937,209.84	157,887.34	2,063,729.46
Changes in Assets and Liabilities -				
(Increase) decrease in receivables	186,359.93	(22,031.90)	68,700.40	233,028.43
(Increase) decrease in inventory	-	(5,076.12)	-	(5,076.12)
(Increase) decrease in container deposits and other assets	(61,500.00)	-	1,268.55	(60,231.45)
Increase (decrease) in accounts payable	(153,103.38)	(95,130.03)	(20,170.09)	(268,403.50)
Increase (decrease) in accrued and other liabilities	56,855.54	26,926.92	17,079.69	100,862.15
Net cash provided by operating activities	$ 1,022,851.08	$ 1,258,345.30	$ 474,926.95	$ 2,756,123.33
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets from others	$ -	$ 277,932.10	$ -	$ 277,932.10

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	FIDUCIARY FUND TYPES		
	Employees' Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund
ASSETS:			
Cash and cash equivalents	$ -	$ 151,171.92	$ 155,746.28
Due from other fund	7,804.87	-	15,297.20
Accrued interest receivable	136,873.30	32,801.32	31,000.50
Investments, at fair value:			
U.S. Treasury cash reserve	602,765.46	45,289.26	96,051.52
Common stock	11,771,184.50	2,858,496.18	2,610,840.97
Corporate bonds	3,512,270.13	764,083.46	669,755.88
Federal government bonds	10,881,930.87	2,698,255.27	2,405,173.64
Total Investments	26,768,150.96	6,366,124.17	5,781,822.01
Total assets	$ 26,912,829.13	$ 6,550,097.41	$ 5,983,865.99
LIABILITIES:			
Accounts payable	$ -	$ -	$ 10,213.07
Accrued pension benefit	25,343.82	70,114.22	59,235.72
Due to other funds	-	-	-
Payroll withholdings and other accrued liabilities	-	-	-
Total liabilities	$ 25,343.82	$ 70,114.22	$ 69,448.79
Net assets held in trust for Pension benefits	$ 26,887,485.31	$ 6,479,983.19	$ 5,914,417.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	FIDUCIARY FUND TYPES		
	Employees' Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension Relief Fund
ADDITIONS			
Contributions:			
Employer	-	1,540,085.77	1,566,064.77
Plan members	386,833.48	230,994.08	200,563.69
Insurance premium tax allocation	-	883,622.99	750,043.29
Total contributions	386,833.48	2,654,702.84	2,516,671.75
Investment income	2,513,020.59	571,090.09	503,030.08
Less: Investment expense	104,646.47	21,089.26	30,475.84
Net investment income	2,408,374.12	550,000.83	472,554.24
Total additions	$ 2,795,207.60	$ 3,204,703.67	$ 2,989,225.99
DEDUCTIONS			
Benefit payments	$ 826,516.75	$ 2,085,385.88	$ 1,748,479.43
Refunds	-	-	-
Other operating expenses	8,913.04	3,899.47	427.86
Total deductions	$ 835,429.79	$ 2,089,285.35	$ 1,748,907.29
Changes in net assets	$ 1,959,777.81	$ 1,115,418.32	$ 1,240,318.70
Net assets held in trust for pension benefits:			
Beginning of year	24,927,707.50	5,364,564.87	4,674,098.50
End of year	$ 26,887,485.31	$ 6,479,983.19	$ 5,914,417.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
AGENCY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Agency Funds
ASSETS:	
Cash	$ 19,286.91
Total assets	$ 19,286.91
LIABILITIES:	
Due to other funds	$ 1,045.70
Payroll withholdings and other accrued liabilities	552.00
Total liabilities	$ 1,597.70
FUND BALANCES:	
Reserved for debt service	$ 18,584.91
Unreserved	(895.70)
Total fund balances	$ 17,689.21
Total liabilities and fund balances	$ 19,286.91

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies of the City of Wheeling is presented below. In 2003, the City of Wheeling adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments;* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus;* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* This results in a change in format and content of the basic financial statements, including the addition of a section called Management's Discussion and Analysis, where the City's activity for the fiscal year is summarized; as well as the institution of two levels of reporting. The two levels are government-wide financial statements and governmental fund financial statements, which are discussed in sections B and C of this footnote.

A. Reporting entity

The City of Wheeling, West Virginia is a Class II municipality with a population of 31,400 located in Ohio County, West Virginia.

The City of Wheeling operates under the Manager-Mayor Plan as set forth as Plan V in the West Virginia State Code Section 8-3-2. Council consists of six members, elected from respective geographic districts or wards. The Mayor is elected at large by the qualified voters of the City and serves as the presiding officer of the Council. City elections for Mayor and members of Council are held every four years with the next election being May 2008.

The services provided by the City and accounted for within these financial statements include general government, public safety, health and sanitation, cultural and recreational programs, social services and other governmental services.

Discretely Presented Component Unit

The Wheeling Municipal Auditorium Board is responsible for the supervision, operation, and control of Wesbanco Arena (Wheeling Municipal Auditorium). Board members are appointed by the Mayor pending City Council ratification. The City issued bonds in previous years to provide capital improvements to the Auditorium. The Wheeling Municipal Auditorium Board is presented as a proprietory fund type. The Wheeling Municipal Auditorium Board receives a portion of the hotel/motel tax collected by the City. This is reflected as a subsidy on the Statement of Net Assets.

The Annual Audit and Financial Report for the Wheeling Municipal Auditorium Board can be obtained upon request. Questions concerning the Report should be addressed to the Board's Executive Director, 2-14th Street, Wheeling, West Virginia, 26003.

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and governmental fund financial statements

The government-wide financial statements report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of internal activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from other activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue instead.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the governmental fund financial statements.

C. Measurement Focus, basis of accounting, and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City applies all relevant Government Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements unless they conflict with GASB pronouncements.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. 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 in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund financial statements are shown on the cash basis of accounting.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pending litigation are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City of Wheeling funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for the government's activities, where the focus of attention is on the providing of services to the public. Fiduciary funds are used to account for assets held by others. The City's operations require the use of governmental and fiduciary funds. The fund types used by the City are as follows:

(a) Fund Accounting

The accounts of the city are organized on the basis of funds or groups of accounts, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types under the following broad fund categories:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Trust Funds - Trust Funds are used to account for assets held by the municipality in a trustee capacity. These include Expendable Trust and Pension Trust. Pension Trust Funds report fiduciary resources held in trust and the receipt, investment, and distribution of retirement contributions. See Note 7. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

(b) Capital Assets and Long-Term Liabilities

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Due to the implementation of GASB 34 the City has begun capitalizing and depreciating its capital assets. As required by the West Virginia State Auditor's Office, the City has begun recording depreciation on buildings, equipment, and major improvements. Capital assets (including infrastructure) are depreciated using the straight-line method over their estimated useful lives less any salvage value. Estimated useful lives range from 3 to 40 years.

In the government-wide financial statements, long term liabilities consist of general obligation bonds and capital leases. All amounts are non-current liabilities.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement forms applied.

As prescribed by accounting principles generally accepted in the United States of America, all governmental and expendable trust funds in the accompanying financial statements are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related Fund liability is incurred. The government-wide financial statements as mentioned earlier are presented using the accrual basis of accounting.

1. Summary of Significant Accounting Policies (Continued)

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. See Note 7.

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process in the General and Coal Severance Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(e) Investments

The securities included in investments are stated at market. The investment policy for the Pension funds follows the guidelines established under §8-22-22 of the West Virginia Code. All other deposits and investments of the City follow the guidelines established under the West Virginia Code Article 12-1 for state depositories.

(f) Inventories

All funds, except the Water Fund, consider inventories as expenditures at the time of purchase; therefore, they do not appear on the City's financial statements, except inventories reflected in the Water Fund. Inventory for the Water Fund is stated at cost.

(g) Utility Plant and Depreciation

Improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated on the straight-line method over the estimated useful life as established in guidelines for water and sewer utilities published by the Public Service Commission of West Virginia. The depreciable lives of various items range from 6 to 50 years. The books and records reflect estimated or appraisal values for certain assets of the water and sewer funds. Likewise, the Statement of Income reflects estimated charges for depreciation of these assets.

(h) Parking Fund - Fixed Assets and Depreciation

(a) Land - The cost of the land on which the Center Wheeling Parking Garage, the 10th Street Parking Garage and the Civic Center Lot are situated is included as "Land." The land on which the Main Street lots are situated is leased from the West Virginia Department of Transportation.

(b) Structures and Depreciation - "Structures, improvements, parking lots and equipment" includes the original construction cost of all the parking facilities operated by the Wheeling Municipal Parking Fund. The structures are being depreciated over their estimated useful life of 40 years on the straight-line method. Parking lots and equipment are being depreciated over estimated useful lives of three to 20 years on the straight-line method.

1. Summary of Significant Accounting Policies (Continued)

(i) Restricted Funds

Certain proceeds of the proprietary funds revenue bonds, as well as certain resources set aside for their bond repayment, maintenance and construction, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or public service commission requirements.

(j) 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. Designations of fund balance represent tentative management plans that are subject to change.

(k) Restatement of Fund Balances

During fiscal year ending June 30, 2004, an error occurred in the calculation of allowances for uncollectible community development accounts. During the current fiscal year, the City made a prior period adjustment to correct the allowance for doubtful accounts. Beginning allowances were reduced by $1,006,011.84 and the opening CDBG fund balance was increased by the same amount. This prior period adjustment impacts both the governmental funds balance sheet as well as the government-wide statement of net assets.

Prior to the current fiscal year, the estimated liability for landfill closure was recorded by the City in the governmental fund financial statements as a liability. The governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. The estimated liability for landfill closure does not meet the definition of a liability on the modified accrual basis. Therefore, during the current fiscal year, the City made a prior period adjustment to remove $928,622.48 liability from the fund financials. This prior period adjustment impacts only the governmental funds balance sheets.

(l) Cash and Cash Equivalents

For purposes of the statement of cash flows, the City of Wheeling considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

2. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The Parking Fund transfers $20,000 to the General Fund per month from excess revenues. The excess revenues are a result of the Parking Fund debt being extinquished.

3. Capital Assets

A summary of changes in fixed assets for the fiscal year ended June 30, 2005 is as follows:

Governmental Activities:	Original Balance 7/1/2004	Additions	Deductions	Balance 6/30/2005	Accumulated Depreciation Prior Years	Current Year	Net 6/30/2005
Land	$ 2,539,195.10	$ 109,489.19	$ -	$ 2,648,684.29	$ -	$ -	$ 2,648,684.29
Land Improvements	-	36,073.75	-	36,073.75	-	1,352.77	34,720.98
Parking Structures & Equip	-	-	-	-	-	-	-
Utility Plant, In Service	-	-	-	-	-	-	-
Buildings and improvements	5,692,686.06	1,872,882.00	-	7,565,568.06	2,959,907.29	196,429.60	4,409,231.17
Vehicles and Equip	6,681,914.01	731,659.69	202,659.00	7,210,914.70	3,235,540.12	518,622.23	3,456,752.35
Infrastructures	-	270,936.05	-	270,936.05	-	-	270,936.05
Construction in progress	1,116,186.49	-	593,196.91	522,989.58	-	-	522,989.58
Total Governmental	$ 16,029,981.66	$ 3,021,040.68	$ 795,855.91	$ 18,255,166.43	$ 6,195,447.41	$ 716,404.60	$ 11,343,314.42

Business-Type Activities:	Original Bal. 7/1/2004	Additions	Deductions	Balance 6/30/2005	Accumulated Depreciation Prior Years	Current Year	Net 6/30/2005
Land	$ 1,450,413.50	$ -	$ -	$ 1,450,413.50	$ -	$ -	$ 1,450,413.50
Parking Structures & Equip	5,844,912.25	22,282.72	50,310.95	5,816,884.02	4,043,540.67	157,887.34	1,615,456.01
Utility Plant, In Service	89,223,639.03	1,623,548.95	53,081.82	90,794,106.16	47,561,748.62	1,905,842.12	41,326,515.42
Buildings and System	-	-	-	-	-	-	-
Vehicles and Equip	-	-	-	-	-	-	-
Construction in progress	2,060,804.06	343,454.53	818,050.81	1,586,207.78	-	-	1,586,207.78
Total Business-Type	$ 98,579,768.84	$ 1,989,286.20	$ 921,443.58	$ 99,647,611.46	$ 51,605,289.29	$ 2,063,729.46	$ 45,978,592.71

Depreciation Expense charged to departments on the government wide statement of activities is as follows:

General government	$ 97,303.21
Public safety	271,916.13
Streets and transportation	126,852.19
Health and sanitation	58,877.53
Culture and recreation	161,455.54
Total	$ 716,404.60

4. Funds Not Audited

There are several boards and commissions created by the City Code which act in an administrative capacity only and have no operating budget. Accordingly, these boards, authorities and commissions are not included in the accompanying financial statements.

5. Property Taxes

Real property taxes attach as an enforceable lien on all real property on which taxes are assessed on July first. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

The sheriff of each county, as ex officio county treasurer, collects all taxes levied in that particular county. Each month the sheriff is required to pay all monies collected for any municipal corporation into the respective treasury of that municipality, payment to be made on or before the tenth day of each month for all monies collected during the preceding month. After the sheriff has collected eighty-five percent of the combined total of all taxes assessed on real and personal property, the sheriff is allowed a commission of two and one-half percent, not to exceed $15,000.00, on the remainder of the taxes actually collected, exclusive of interest and charges thereon. The commission so allowed is charged against the various funds for which the taxes are collected.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: (1) For the payment of principal and interest upon bonded indebtedness on Class I property, one and five-tenths (1.5¢); on Class II property, three cents (3.0¢); and on class IV property, six cents (6.0¢); and (2) for general current expense purposes on Class I property, eleven cents (11.0¢); on Class II property, twenty-two cents, (22.0¢); and on Class IV property forty-four cents (44.0¢).

However, if levies are not needed for the payment of principal and interest, the levy rates may be combined for the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). The levy rates of the City of Wheeling, West Virginia for the fiscal year ended June 30, 2005 were assessed on a total valuation of $783,476,051.

6. Budget

The City prepares formal budgets for the General Fund and Coal Severance Tax Fund only. The annual budgets are amended by City Council from time to time with prior approval by the State Tax Commissioner. The budgeted amounts reported in the accompanying financial statements reflect separately the original and revised amounts.

7. Retirement Systems

The City reporting entity participates in three single-employee, defined benefit, 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:

Annual Required Contributions

Actuarial assumptions and other information used to determine the annual required contributions (ARC) for the three plans are located in the Required Supplementary Information section of the report.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for the three plans. The plans held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

The City of Wheeling Employee's Retirement and Benefit Fund

All permanent full-time employees under age 50, at the time of their employment, are eligible to participate in this program (excluding firemen and policemen who are covered by separate plans - see below). An employee who attains age 60 has a vested right to a retirement benefit provided they have a total service credit of ten or more years. The employee's monthly retirement benefit is equal to the sum of the following:

1) 25% of average monthly salary for the first ten years of total service credit, plus

2) 1.9231% of average monthly salary times total service credit in excess of ten years but not in excess of twenty-three years, plus

3) 1.6667% of average monthly salary times total service credit in excess of twenty three years but not in excess of thirty five years.

Memberships of the plans are as follows:

Non-vested active members	8
Fully vested active members	215
Retirees and beneficiaries currently receiving benefits	74
Terminated plan members entitled to but not yet receiving benefits	4
Total	301

7. Retirement Systems (Continued)

The City of Wheeling Employee's Retirement and Benefit Fund (Continued)

Eligible employees contribute 6% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $6,447,881.80. The total employees contribution was $386,833.48. The plan's fund balance as of June 30, 2005 is $26,887,485.31. The City's contribution for the year ended June 30, 2005 was $ -0-.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$	19,795,143
Assets at Market Value	$	24,927,708
Assets Exceed Pension Benefit Obligation	$	5,132,565

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report as of July 1, 2004, the average annual salary for benefits was $29,729.00. There were 74 pensioners as of June 30, 2004 receiving an average of $10,670.00 in pension benefits. Administrative costs are financed with investment earnings.

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investments (other then U.S. government and U.S. government guaranteed obligations) whose market value exceeds five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 0	100%	$ 0
2004	0	100%	0
2003	0	100%	0

7. Retirement Systems (Continued)

The Firemen's Pension or Relief Fund

All permanent full-time fire department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code. To be eligible for a regular retirement pension under this plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences on the participants normal retirement date or the date he attains age 50, if later. The monthly benefit is a percentage of the highest three year average countable compensation. This percentage is determined based on years of service. The percentage ranges from 60% of countable compensation for 20 years of service to 75% for 30 years.

Eligible firemen contribute 7% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $3,300,565.75. The total employee contribution was $230,994.08. The plan's fund balance as of June 30, 2005 is $6,479,983.19.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$	33,232,735
Assets at Market Value	$	5,364,565
Unfunded Pension Benefit Obligation	$	27,868,170

The City does not contribute to the firemen's plan based upon the recommendations in the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Firemen's Pension or Relief Fund to be solvent under this method for the next consecutive fifteen year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State was $1,847,058.00. Actual contributions were $2,423,708.76 for the year ended June 30, 2005.

7. Employee Retirement Systems (Continued)

The Firemen's Pension or Relief Fund (Continued)

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report, as of July 1, 2004, the average annual salary for benefits was $34,077.00. There were 116 pensioners as of June 30, 2004 receiving an average of $17,808.65 in pension benefits with expected cost-of-living increases up to 5%.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 1,847,058	131%	$ 0
2004	1,484,008	155%	0
2003	1,417,814	135%	0

The Policemen's Pension or Relief Fund

All permanent full-time police department personnel are covered by this plan which is being funded in accordance with Chapter 8, Article 22 of the West Virginia Code. To be eligible for a regular retirement pension under the plan, the member must have completed at least 20 years of credited service. The normal retirement benefit commences on the participants' normal retirement date or the date he attains age 50, if later. The annual normal retirement pension, payable monthly, is 60% of the participants average annual salary for 20 years of service, up to 75% for 30 years service.

Eligible policemen contribute 7% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2005 was $2,865,601.74. The total employee contribution was $200,563.69 The plan's fund balance as of June 30, 2005 is $5,914,417.20.

The following information has been extracted from the most recent actuarial report as of July 1, 2004:

Total Pension Benefit Obligations	$ 27,504,604
Assets at Market Value	$ 4,674,099
Unfunded Pension Benefit Obligation	$ 22,830,505

7. Employee Retirement Systems (Continued)

The Policemen's Pension or Relief Fund (Continued)

The City does not contribute to the policemen's plan based upon the latest actuarial study. The City's contributions are based upon a fifteen year solvency plan which stipulates the minimum contribution the City may make to this plan. This contribution method has been approved by the West Virginia legislature and projects the Policemen's Pension or Relief Fund to be solvent under this method for the next consecutive fifteen-year period. This solvency plan must be actuarially updated on an annual basis.

The minimum required contribution of the City and State was $1,739,457.00. Actual contributions were $2,316,107.90 for the year ended June 30, 2005.

The pension benefit obligation is the actuarial present value of credited projected benefits. It is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial assumptions are based upon an expected rate of return of 8%. According to the most recent actuarial report, as of July 1, 2004, the average annual salary for benefits was $35,257.00. There were 99 pensioners as of June 30, 2004 receiving an average of $16,739.23 in pension benefits with expected cost-of-living increases up to 5%.

Trend information is as follows:

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2005	$ 1,739,457	133%	$ 0
2004	1,442,777	156%	0
2003	1,367,193	137%	0

Fund Assets

The assets of each of the retirement and pension funds are invested in various equity securities, obligations of the United States government and United States government agencies. Any purchase discount or premiums associated with the purchase of these securities is recorded, as a current asset or liability, at the date of purchase and is amortized from that time through the date of sale or maturity. Current year amortization of these discounts or premiums is included in operating revenue/expense for each fund.

7. Employee Retirement Systems (Continued)

Fund Assets (Cont.)

The cost and fair market value of the investments of each fund at June 30, 2005, are as follows:

	Cost	Market Value
Employees' Retirement and Benefit Fund	$ 23,803,316.50	$ 26,768,150.96
Firemen's Pension or Relief Fund	5,794,516.19	6,366,124.17
Policemen's Pension or Relief Fund	5,319,902.37	5,781,822.01

8. Long-Term Debt

(a) Water and Sewer Funds –

Revenue Bonds - The City issued $20,600,000 of Combined Waterworks and Sewerage System Refunding Revenue Bonds on January 1, 1997 for the purpose of refunding outstanding Revenue Bonds dated May 1, 1992 which were issued for the purpose of funding additions, betterments and improvements to the City's Combined Waterworks and Sewerage System. The 1997 bonds were issued at interest rates from 3.65% to 5.629%, payable semiannually, with principal retirements through June 30, 2016. Proceeds from the new issue were placed in an Escrow account to defease the original issue as these bonds mature. The debt service cash flow requirements of the new issue versus the old issue are substantially the same.

The January 1, 1997 transaction resulted in a deferred loss (debt discount) of $1,359,545.16 and $616,542.72 for the Water and Sewer fund respectively. This deferred loss is being amortized over the remaining life of the bonds. The transaction also resulted in a cash surplus of $309,750.00 for the Water fund and $215,250.00 for the Sewer fund, which amounts were deposited to their respective construction accounts.

The total of these bonds outstanding at June 30, 2005 was $12,995,000.00 ($7,667,050.00 for Water, $5,327,950.00 for Sewer).

2003 Design Revenue Bonds – In January 2003, the Water and Sewer departments issued a $1,940,000.00 bond to finance the design phase of the upcoming Water and Sewer improvements. The total of these bonds outstanding at June 30, 2005 was $321,482.10 ($306,755.96 for Water and $14,726.14 for Sewer).

8. Long-Term Debt (Continued)

Interest is charged at the rate of 4.62% of the unpaid principal. Because Sewer paid off the majority of its principal due with the proceeds of its 2005 Bond Issue, no payment was due on July 1, 2005. The next payment is due January 1, 2006 for $39,402.27, which includes principal and interest.

During fiscal year ended June 30, 2005, $1,318,022 principal was paid ($58,661 and $1,259,361 by Water and Sewer, respectively). Interest was paid totaling $70,916 ($23,970 and $46,946 by Water and Sewer, repectively). The Water department increased its draw downs in 2005 by $159,189.00.

Series 2005A Revenue Bonds - On May 5, 2005, the Sewer department began drawing on the $14,500,000 Series 2005A Revenue Bonds. The purpose of these bonds is to finance the Constuction Phase I of the Sewer Department Improvements Project. The drawn down balance at June 30, 2005 was $2,100,722. No interest or principal payments are due on this bond issue until March 1, 2007, at which time the interest rate will be 2%. There is also a 1% administrative fee in effect for these bonds beginning March 1, 2007.

(b) General Obligation Bonds - The City issued $2,400,000 of general obligation bonds on June 1, 1975, for the purpose of financing construction of the Wheeling Civic Center. The bonds were issued at interest rates ranging from 6% to 8%, payable semiannually, with principal retirement annually through June 1, 2006. Additionally during 2003, the City issued $2,600,000 of general obligation bonds, for the purpose of financing major building improvements. The bonds were issued at interest rates ranging from 3% to 4.75% payable semiannually, with principal retirement annually through November 1, 2028. The total of bonds outstanding at June 30, 2005, was $2,710,000.

During the fiscal year ended June 30, 2005, $185,000 and $60,000 of the 1975 and 2003 general obligation bonds matured, respectively.

(c) Parking Fund - Note Payable - The land on which the Center Wheeling Parking Garage was constructed was purchased from the Ohio Valley Medical Center (OVMC) in 1976 for $690,000. During 1977, $181,727 was paid to the Medical Center from the proceeds of Bond Issue 1976-A. The remainder of the purchase price ($508,273.40) was to be repaid pursuant to the terms of a Note Payable.

On December 10, 2004, an agreement between the OVMC and the Parking Authority was established concerning this Note Payable. In exchange for nullification of the Note Payable, the Parking Authority conveyed all rights to a parking lot constructed by the City on property owned by OVMC. A gain on the exchange has been recognized by the Parking Authority.

8. Long-Term Debt (Continued)

(d) The Water and Sewer Revenue bonds and the General Obligation bonds mature as follows:

Fiscal Year Maturity	Water and Sewer Revenue Series 1997	Design Revenue	Sewer Revenue Series 2005	General Obligation
June 30, 2006	1,275,000.00	22,015.17	-	255,000.00
June 30, 2007	1,345,000.00	11,387.15	73,122.88	65,000.00
June 30, 2008	1,415,000.00	11,924.52	146,245.76	65,000.00
June 30, 2009	1,490,000.00	12,487.25	146,245.76	70,000.00
June 30, 2010	1,570,000.00	13,693.63	146,245.76	75,000.00
Thereafter	5,900,000.00	249,974.38	1,588,861.84	2,180,000.00
	$ 12,995,000.00	$ 321,482.10	$ 2,100,722.00	$ 2,710,000.00

(e) The following is a summary of changes in long-term debt for the year ended June 30, 2005.

Governmental Activities

	Payable at 7/1/2004	Additions	Deductions	Payable at 6/30/2005
Bonds payable	$ 2,955,000.00	$ -	$ 245,000.00	$ 2,710,000.00
Capital leases payable	777,418.82	95,438.00	263,200.46	609,656.36
Notes payable	2,250,000.00	-	100,000.00	2,150,000.00
Total governmental	$ 5,982,418.82	$ 95,438.00	$ 608,200.46	$ 5,469,656.36

Business-Type Activities

Bonds payable	$ 15,680,315.14	$ 2,259,911.00	$ 2,523,022.04	$ 15,417,204.10
Capital leases payable	200,936.10	-	47,351.84	153,584.26
Notes payable	508,273.40	-	508,273.40	-
Total business-type	$ 16,389,524.64	$ 2,259,911.00	$ 3,078,647.28	$ 15,570,788.36

9. Temporary Cash and Other Investments

The carrying amount of the City's deposits were $13,212,584.37. The year-end bank balances were $13,623,739.38. The balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City in its name	$ 600,000.00
Uncollateralized	4,255,248.41
Collaterlized by securities held by the pledging financial institutions	-
Collaterlized by securities held by the pledging financial institutions' trust department or agent but not in the depositor-government name	8,768,490.97
Total balance	$13,623,739.38

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the City's name.

	Category 1	Category 2	Category 3	Fair Value
Corporate Bonds, U.S. Treasury FNMA & GNMA	$ -	$ -	$ 20,931,469.25	$ 20,931,469.25
Equities	-	-	17,240,521.65	17,240,521.65
	$ -	$ -	$ 38,171,990.90	38,171,990.90
Investment in State Pool				2,606,502.34
Total investments				$ 40,778,493.24

10. Accrued Interest Payable

Sewer Fund - Accrued interest payable represents interest expense on outstanding bonds for the period from June 1, to June 30, 2005.

Water Fund - Accrued interest payable represents interest expense on outstanding bonds for the period from June 1, to June 30, 2005.

11. Unamortized Debt Discount and Expense

The original bond discount and expense from the issuance of the Water and Sewer revenue bonds is being amortized on the outstanding principal balance method.

12. Contingencies and Litigation

The City of Wheeling is the defendant in a number of lawsuits arising principally in the normal course of operations. All claims are protected by insurance, up to a certain amount, and would not likely have a material effect on the financial statements. The City intends to aggressively defend each case against it.

13. Collateral of Depository Bonds

All monies of the City of Wheeling deposited in local banks are with B B & T, Main Street Bank, United National Bank, Bank One, Wesbanco Bank, and Progressive Bank. These banks are members of the Federal Deposit Insurance Corporation which provides coverage of public funds in the amount of $100,000. For monies deposited in excess of this amount, four of the banks had provided bonds to cover the maximum amount deposited at any one time. Management believes the risk related to the uncollaterized amounts is minimal.

14. Bonds of Municipal Officials

The bonds of every officer and employee of the City who handle public funds or property, and every other person of whom it is required, were examined and found to be adequate as required by West Virginia Code §6-2-11.

15. Accrued Sick Pay

Sick pay is granted to all full time employees and accrues at varying rates based upon the number of years of service and the number of days accrued. There is no ceiling to the accumulation. Employees are not paid accumulated sick days upon termination, however, employees who retire while employed by the City are subject to partial payments of their accrued sick days.

No liability is recorded in the general and proprietary funds as the liability is not subject to reasonable estimation.

16. Loan Programs

The City, as part of its Community Development Block Grant Program, has initiated various revolving loan funds. The owner-occupied Business and Industrial Development programs are administered by the City.

17. Minimum Lease Obligation

During fiscal years 2003, 2004, and 2005, the City entered into lease purchase agreements for several police vehicles and an ambulance. Also during fiscal year 2004, the City entered into lease purchase agreements for a 2004 Ford Explorer and a pressure sealer. In fiscal year 2001, the City entered into lease purchase agreements for a communications system and a mailing machine. The total lease payments less interest costs are as follows:

June 30, 2006	$	331,056.89
June 30, 2007		269,906.66
June 30, 2008		216,559.69
June 30, 2009		1,785.14
Less: Interest Costs		(56,067.76)
Present value of future Minimum lease payments	$	763,240.62

In addition, the City has an annual lease for $1 for the use of a police motorcycle. The vendor has a security interest as lienholder with security in the amount of $13,964.00.

18. Landfill Closure

During the fiscal year ending June 30, 1995, the City's landfill was closed. In preparation for the cost of this closure, a fee had been collected from the users of the landfill for several years. During 1998 the State of West Virginia agreed to limit the City's liability for landfill costs to the balance of the investment account plus future interest earned. The balance of restricted investments and the related closure liability at June 30, 2005 is $928,622.48. This activity is accounted for in the Consolidated Investment Fund.

19. Artisan Center Lease

The City of Wheeling entered into a lease agreement with the Wheeling National Heritage Area Corporation (WNHAC), a non profit organization, on October 5, 1994 wherein the city leases the Artisan Center Building to WNHAC for a period of ten years. In pursuant to the terms of the agreement, this lease may be automatically renewed for three successive ten year terms. In lieu of rent the city has agreed to accept substantial improvements, maintenance and operation of the Artisan Center by WNHAC. In October 2004, the lease agreement was automatically renewed for the second ten year period, expiring October 5, 2014.

20. Self-Insurance

The City of Wheeling is self-insured for workers' compensation. The City has a $1,576,834.00 letter of credit with a local financial institution for security against workers' compensation claims.

21. Subsequent Event

In September 2005, the City issued the $4,115,000 Series 2005A Bonds for the Stone Building Renovation Project. These bonds are special obligations of the City payable soley from revenues generated through Tax Increment Financing.

22. Note Payable HUD

HUD loaned the City of Wheeling $2,250,000.00 for the restoration of the Wheeling Stamping Building. HUD is currently guaranteeing the loan. The City of Wheeling loaned these same funds to the Ohio Valley Industrial and Business Development Corporation (OVIBDC). During fiscal year 2005, the OVIBDC paid $100,000.00 directly to HUD and the remaining balance of $2,150,000.00 to the City. The balance remaining at June 30, 2005 is $2,144,972 and is included in Cash and Cash Equivalents. Payments from the City are due to HUD based upon the following:

August 1, 2005	$ 100,000.00
August 1, 2006	$ 100,000.00
August 1, 2007	$ 100,000.00
August 1, 2008	$ 100,000.00
August 1, 2009	$ 100,000.00
Thereafter	$1,650,000.00
Total	$2,150,000.00

23. Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers for sanitation services and fire service fee. These receivables are due within one year. Certain funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. Related amounts are shown in the following table:

	Governmental Funds
Accounts and tax receivable	$ 4,123,912.75
Charges for services receivable	1,445,279.65
Loans receivable	2,551,235.86
Less: allowances for uncollectible accounts	(2,311,706.87)
Net account receivable	$ 5,808,721.39
Uncollectible amounts netted with revenues	$ (141,231.98)

Significant receivables include amounts due from customers primarily for water and sewer sevices. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 90 days. Related amounts are shown in the following table:

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Parking Fund	Total
Accounts receivable	$717,172.28	$1,011,612.42	$22,804.40	$1,751,589.10
Less: allowances for uncollectible accounts	(163,999.13)	(260,486.32)	-	(424,485.45)
Net account receivable	$553,173.15	$ 751,126.10	$22,804.40	$1,327,103.65

24. Revenues and Expenditures – Benefits Funded by the State of West Virginia

For fiscal year 2005, the State of West Virginia contributed payments on behalf of City employees as follows:

Plan	Amount
City of Wheenling Policemen's Pension and Relief Fund	$750,043.29
City of Wheelingn Firemen's Pension and Relief Fund	883,622.99

State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

25. Due From/To Other Funds

Generally, outstanding balances between funds reported as "due from/to other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/ payables between funds.

Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The following schedule reports receivables and payables within the Primary Government at fiscal year end:

	Governmental Activities		
Governmental Activities:		Consolidated	Total Due
Major Governmental Funds	General	Investment	From
General	$ -	$ 23,856.00	$ 23,856.00
Coal Severance	-	60,335.00	60,335.00
Other Funds	66,179.71	-	66,179.71
Business-type Activities:			
Sewer	284.66	-	284.66
Water	10,835.00	32,900.00	43,735.00
Parking	20,000.00	-	20,000.00
Total Due To	$ 97,299.37	$ 117,091.00	$ 214,390.37

CITY OF WHEELING
WHEELING, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

I. SCHEDULE OF FUNDING PROGRESS

Employee's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$24,927,708	$ 19,795,143	$ (5,132,565)	100%	$6,629,475	(77)%
07/01/03	23,514,410	18,767,964	(4,746,446)	100%	6,358,008	(75)%
07/01/02	21,974,989	17,889,864	(4,085,125)	100%	6,129,556	(67)%
07/01/01	21,610,647	17,440,496	(4,170,151)	100%	6,041,083	(69)%
07/01/00	21,056,317	18,201,424	(2,854,893)	100%	6,474,473	(44)%
07/01/99	21,276,554	17,397,660	(3,878,894)	100%	5,955,891	(65)%
07/01/98	20,659,711	16,681,173	(3,978,538)	100%	5,532,957	(72)%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$ 5,364,565	$33,232,735	$27,868,170	16%	$ 3,237,308	861%
07/01/03	4,503,762	33,318,428	28,814,666	14%	3,124,938	922%
07/01/02	3,911,848	31,482,795	27,570,947	12%	3,174,096	869%
07/01/01	3,610,825	31,576,590	27,965,765	12%	3,135,771	892%
07/01/00	3,399,867	29,711,032	26,311,175	11%	2,862,221	919%
07/01/99	No actuarial report prepared.					
07/01/98	3,573,786	26,919,992	23,346,206	13%	2,607,344	895%

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/04	$ 4,674,099	$27,504,604	$22,830,505	17%	$ 2,961,577	771%
07/01/03	3,624,086	26,841,532	23,217,446	14%	2,643,335	878%
07/01/02	2,929,276	25,497,753	22,568,477	11%	2,628,890	858%
07/01/01	2,477,072	24,375,978	21,898,960	10%	2,603,924	841%
07/01/00	2,116,397	24,141,871	22,025,474	9%	2,429,959	906%
07/01/99	2,213,295	24,043,733	21,830,438	9%	2,343,412	932%
07/01/98	No actuarial report prepared.					

CITY OF WHEELING
WHEELING, WEST VIRGINIA
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2005

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES

Employee's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$ 0	100%
2004	0	100%
2003	0	100%
2002	0	100%
2001	0	100%
2000	0	100%
1999	0	100%

Firemen's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$1,847,058	131%
2004	1,494,008	155%
2003	1,417,814	135%
2002	1,326,679	135%
2001	1,264,636	126%
2000	1,173,166	100%
1999	1,158,515	100%

Police's Pension and Relief Fund

Fiscal Year	Annual Required Contribution	Percentage Contributed
2005	$1,739,457	133%
2004	1,442,777	156%
2003	1,367,193	137%
2002	1,270,380	137%
2001	1,208,470	129%
2000	1,117,334	103%
1999	1,089,585	107%

III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

	Employees' Retirement and Benefit Fund
Valuation date	7/1/04
Actuarial cost method	Entry age normal cost
Amortization method	Level Percent of Salary
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.5%
Inflation	5.0%

	Firemen's Pension and Relief Fund	Policemen's Pension and Relief Fund
Valuation date	7/1/04	7/1/04
Actuarial cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	Level Percent of Salary	Level Percent of Salary
Actuarial asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% per year	5.00% per year
Inflation	5.0%	5.0%
Other - cost of living adjustments	$15,000 of annual pension is increased by the lesser of consumer price index or 4.00%	$15,000 of annual pension is increased by the lesser of consumer price index or 4.00%

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Taxes -				
General property	$ 3,577,117.00	$ 3,577,117.00	$ 3,341,339.50	$ (235,777.50)
Utilities	1,100,000.00	1,100,000.00	1,171,370.54	71,370.54
Business taxes	8,400,000.00	8,488,729.00	9,614,279.81	1,125,550.81
Liquor sales	200,000.00	200,000.00	220,333.48	20,333.48
Amusement	12,000.00	12,000.00	17,222.81	5,222.81
Cable franchise fee	320,000.00	320,000.00	372,110.78	52,110.78
Miscellaneous	675,000.00	675,000.00	603,765.14	(71,234.86)
Total taxes	$ 14,284,117.00	$ 14,372,846.00	$ 15,340,422.06	$ 967,576.06
Licenses and permits -				
Business licenses	$ 70,000.00	$ 70,000.00	$ 101,666.13	$ 31,666.13
Private club licenses	50,000.00	50,000.00	48,550.00	(1,450.00)
Insurance licenses	25,000.00	25,000.00	17,102.00	(7,898.00)
Building permits	70,000.00	70,000.00	124,106.24	54,106.24
Other permits and inspection fees	18,000.00	18,000.00	16,790.30	(1,209.70)
Total licenses and permits	$ 233,000.00	$ 233,000.00	$ 308,214.67	$ 75,214.67
Intergovernmental -				
Federal government	$ 130,000.00	$ 2,416,131.00	$ 1,115,625.33	$ (1,300,505.67)
State government	90,000.00	90,000.00	193,913.02	103,913.02
Total intergovernmental	$ 220,000.00	$ 2,506,131.00	$ 1,309,538.35	$ (1,196,592.65)
Charges for services -				
Fire service	$ 2,120,000.00	$ 2,120,000.00	$ 2,068,167.47	$ (51,832.53)
Sanitation fees	1,470,000.00	1,470,000.00	1,422,504.20	(47,495.80)
Ambulance service	591,585.00	591,585.00	655,685.66	64,100.66
Total charges for services	$ 4,181,585.00	$ 4,181,585.00	$ 4,146,357.33	$ (35,227.67)
Fines and forfeits	$ 345,200.00	$ 345,200.00	$ 359,202.70	$ 14,002.70
Miscellaneous revenue -				
Charges to other funds entities	$ 450,440.00	$ 450,440.00	$ 88,243.24	$ (362,196.76)
Parking meters	280,000.00	280,000.00	257,238.97	(22,761.03)
Interest	25,000.00	25,000.00	70,813.04	45,813.04
Other	2,286,110.00	2,603,267.00	2,313,356.78	(289,910.22)
Total miscellaneous revenue	$ 3,041,550.00	$ 3,358,707.00	$ 2,729,652.03	$ (629,054.97)
Total revenue	$ 22,305,452.00	$ 24,997,469.00	$ 24,193,387.14	$ (804,081.86)
Fund balance, appropriated	100,000.00	1,585,389.00	-	(1,585,389.00)
Total revenue and fund balance	$ 22,405,452.00	$ 26,582,858.00	$ 24,193,387.14	$ (2,389,470.86)

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES:				
General government -				
Finance department	$ 1,103,833.00	$ 3,007,578.00	$ 2,204,390.81	$ 803,187.19
City clerk's office	66,829.00	72,386.00	53,656.22	18,729.78
City manager's office	337,353.00	373,903.00	345,970.46	27,932.54
Department of development	536,899.00	547,099.00	504,939.53	42,159.47
Engineering	149,853.00	150,903.00	140,943.31	9,959.69
Personnel Office	215,729.00	216,779.00	210,706.87	6,072.13
Market house	99,000.00	100,000.00	124,271.53	(24,271.53)
Capital projects/Contingencies	18,200.00	93,723.00	1,202,370.19	(1,108,647.19)
City Attorney	114,818.00	131,168.00	125,021.27	6,146.73
Mayor and City Council	83,374.00	83,374.00	78,547.62	4,826.38
Police judges office	99,285.00	109,635.00	111,444.16	(1,809.16)
Total general government	$ 2,825,173.00	$ 4,886,548.00	$ 5,102,261.97	$ (215,713.97)
Public Safety -				
Fire department	$ 6,044,606.00	$ 6,422,793.00	$ 6,261,268.65	$ 161,524.35
Police department	5,270,933.00	5,626,818.00	5,404,555.17	222,262.83
Central dispatch	566,153.00	573,083.00	543,975.66	29,107.34
Capital projects	166,432.00	530,362.00	579,657.84	(49,295.84)
Total public safety	$ 12,048,124.00	$ 13,153,056.00	12,789,457.32	$ 363,598.68
Streets and maintenance -				
Public transportation	767,843.00	803,360.00	691,110.13	112,249.87
Central garage	652,113.00	713,280.00	714,990.18	(1,710.18)
Street department	3,557,747.00	4,111,530.00	3,401,590.54	709,939.46
Capital Projects	104,000.00	186,900.00	158,723.13	28,176.87
Total streets and maintenance	$ 5,081,703.00	$ 5,815,070.00	$ 4,966,413.98	$ 848,656.02
Health and sanitation				
Recycling center	212,749.00	222,517.00	214,768.23	7,748.77
Garbage department	1,042,193.00	1,189,425.00	1,203,070.05	(13,645.05)
Total health and sanitation	$ 1,254,942.00	$ 1,411,942.00	$ 1,417,838.28	$ (5,896.28)
Culture and recreation				
Parks	$ 340,532.00	$ 340,532.00	$ 289,141.82	$ 51,390.18
Visitors bureau	225,000.00	243,518.00	223,015.27	20,502.73
Playgrounds	316,285.00	387,763.00	315,224.69	72,538.31
Civic Center	200,000.00	200,886.00	209,687.83	(8,801.83)
Youth Program	50,000.00	75,000.00	72,913.19	2,086.81
Total culture and recreation	$ 1,131,817.00	$ 1,247,699.00	$ 1,109,982.80	$ 137,716.20

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES:				
Social services				
Human services/affirmative action	$ 63,693.00	$ 68,543.00	$ 62,970.26	$ 5,572.74
Total social services	$ 63,693.00	$ 68,543.00	$ 62,970.26	$ 5,572.74
Total expenditures	$ 22,405,452.00	$ 26,582,858.00	$ 25,448,924.61	$ 1,133,933.39
Revenue over (under) expenditures	$ -	$ -	$ (1,255,537.47)	$ (1,255,537.47)
Other financing sources (uses)				
HUD Loan Repayment Proceeds	-	-	2,050,000.00	2,050,000.00
Transfers in	1,000,000.00	1,000,000.00	1,650,668.12	650,668.12
Transfers out	(1,000,000.00)	(1,000,000.00)	(1,567,815.00)	(567,815.00)
Total other financing sources and uses	-	-	2,132,853.12	2,132,853.12
FUND BALANCE, JUNE 30, 2004			5,933,966.97	
FUND BALANCE, JUNE 30, 2005			$ 6,811,282.62	

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
COAL SEVERANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts						Variance Favorable (Unfavorable)
		Original		Final		Actual	
REVENUES:							
State government	$	49,750.00	$	49,750.00	$	87,703.75	$ 37,953.75
Interest and other		250.00		250.00		693.86	443.86
Total revenues	$	50,000.00	$	50,000.00	$	88,397.61	$ 38,397.61
Appropriated fund balance		-		56,513.00		56,513.07	0.07
Total revenues and fund balance	$	50,000.00	$	106,513.00	$	144,910.68	$ 38,397.68
EXPENDITURES:							
General government -							
City manager and other	$	50,000.00	$	106,513.00	$	55,796.16	$ 50,716.84
Total general government	$	50,000.00	$	106,513.00	$	55,796.16	$ 50,716.84
Streets and maintenance -							
Building and grounds	$	-	$	-	$	-	$ -
Total streets and maintenance	$	-	$	-	$	-	$ -
Unclassified expenditures	$	-	$	-	$	-	$ -
Total expenditures	$	50,000.00	$	106,513.00	$	55,796.16	$ 50,716.84
Revenue over (under) expenditures	$	-	$	-	$	89,114.52	$ 89,114.52
Reserve for encumbrances						-	
FUND BALANCE, JUNE 30, 2005					$	89,114.52	

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service Fund	Community Development Fund	Municipal Financial Stabilization Fund	TIF Capital Project Fund	Total Non Major Governmental Funds
ASSETS:					
Cash	$ -	$ 149,925.62	$ 1,000,000.00	$ 324,315.10	$ 1,474,240.72
Cash with fiscal agents	397,993.30	-	-	-	397,993.30
Accounts receivable, net	-		-	10,737.91	10,737.91
Loans receivable, net	-	1,127,494.69	-	-	1,127,494.69
Prepaids	-	300,000.00	-	-	300,000.00
Total assets	$ 397,993.30	$ 1,577,420.31	$ 1,000,000.00	$ 335,053.01	$ 3,310,466.62
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	25,418.57	-	40,761.14	66,179.71
Deferred revenue	-	-	-	8,356.45	8,356.45
Total liabilities	$ -	$ 25,418.57	$ -	$ 49,117.59	$ 74,536.16
FUND BALANCES:					
Unreserved	$ -	$ 1,552,001.74	$ 1,000,000.00	$ -	$ 2,552,001.74
Reserved for debt service	397,993.30	-	-	285,935.42	683,928.72
Total fund balances	$ 397,993.30	$ 1,552,001.74	$ 1,000,000.00	$ 285,935.42	$ 3,235,930.46
Total liabilities and fund balances	$ 397,993.30	$ 1,577,420.31	$ 1,000,000.00	$ 335,053.01	$ 3,310,466.62

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Debt Service Fund	Community Development Fund	Municipal Financial Stabilization Fund	TIF Capital Project Fund	Total Non Major Governmental Funds
REVENUES:					
Federal government	$ -	$ 1,645,000.00	$ -	$ -	$ 1,645,000.00
State government	-	-	-	-	-
Interest	12,358.21	-	7,420.92	2,388.07	22,167.20
Taxes	156,190.86	-	-	283,617.78	439,808.64
Other	-	64,957.71	-	-	64,957.71
Total revenues	$ 168,549.07	$ 1,709,957.71	$ 7,420.92	$ 286,005.85	$ 2,171,933.55
EXPENDITURES:					
General government -					
Bond Retirement	$ 245,000.00	$ -	$ -	$ -	$ 245,000.00
Interest	134,800.62	-	-	-	134,800.62
Department of Development	-	1,064,800.96	-	-	1,064,800.96
Finance	-	-	-	70.43	70.43
Total general government	$ 379,800.62	$ 1,064,800.96	$ -	$ 70.43	$ 1,444,672.01
Total expenditures	$ 379,800.62	$ 1,064,800.96	$ -	$ 70.43	$ 1,444,672.01
Revenue over (under) expenditures	$ (211,251.55)	$ 645,156.75	$ 7,420.92	$ 285,935.42	$ 727,261.54
OTHER FINANCING SOURCES (USES):					
Transfers in	$ -	$ -	$ 1,000,000.00	$ -	$ 1,000,000.00
Transfers out	-	(285,717.91)	(1,007,420.92)	-	(1,293,138.83)
Total other financing sources and uses	-	(285,717.91)	(7,420.92)	-	(293,138.83)
FUND BALANCE UNRESERVED, as originally stated	609,244.85	186,551.06	1,000,000.00	-	1,795,795.91
Prior Period Adjustment (Note 1k)	-	1,006,011.84	-	-	1,006,011.84
FUND BALANCE UNRESERVED, June 30, 2004, Restated	609,244.85	1,192,562.90	1,000,000.00	-	2,801,807.75
FUND BALANCE UNRESERVED, JUNE 30, 2005	$ 397,993.30	$ 1,552,001.74	$ 1,000,000.00	$ 285,935.42	$ 3,235,930.46

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Home Program	Public Debt Fund	PAYROLL WITHHOLDING Federal Income Tax	PAYROLL WITHHOLDING Savings Bonds	Total
ASSETS:					
Cash					
Balance, June 30, 2004	$ 200.00	$ 10,893.58	$ -	$ 37.00	$ 11,130.58
Additions	631,480.04	152,619.13	616,553.53	6,265.00	1,406,917.70
Deductions	(631,530.04)	(144,927.80)	(616,553.53)	(5,750.00)	(1,398,761.37)
Balance, July 1, 2005	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91
Total assets	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91
LIABILITIES:					
Payroll withholdings					
Balance, June 30, 2004	$ -	$ -	$ -	$ 37.00	$ 37.00
Additions	-	-	616,553.53	6,265.00	622,818.53
Deductions	-	-	(616,553.53)	(5,750.00)	(622,303.53)
Balance, July 1, 2005	$ -	$ -	$ -	$ 552.00	$ 552.00
Due to other funds					
Balance, June 30, 2004	$ 1,199.16	$ -	$ -	$ -	$ 1,199.16
Additions	1,045.70	-	-	-	1,045.70
Deductions	(1,199.16)	-	-	-	(1,199.16)
Balance, July 1, 2005	$ 1,045.70	$ -	$ -	$ -	$ 1,045.70
Total liabilities	$ 1,045.70	$ -	$ -	$ 552.00	$ 1,597.70
FUND BALANCE:					
Balance, June 30, 2004	$ (999.16)	$ 10,893.58	$ -	$ -	$ 9,894.42
Additions	632,679.20	152,619.13	-	-	785,298.33
Deductions	(632,575.74)	(144,927.80)	-	-	(777,503.54)
Balance, July 1, 2005	$ (895.70)	$ 18,584.91	$ -	$ -	$ 17,689.21
Total liabilities and fund balance	$ 150.00	$ 18,584.91	$ -	$ 552.00	$ 19,286.91

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Program Title	Federal CFDA Number	Expenditures As of June 30, 2005
U. S. Department of E. P. A.:		
Brownfield Revolving Loan Fund	66.818	$ -
Brownfield Pilot Co-Op Agmt.	66.811	748.42
		748.42
Special Appropriations Project	66.606	55,600.00
Total U.S. Department of E.P.A.		$ 56,348.42
U.S. Department of Justice:		
Drug and Violent Crime Control Tax Force	16.579	$ 151,465.48
Enforcing Underage Drinking Laws	16.540	27,344.00
Total U.S. Department of Justice		$ 178,809.48
U.S. Department of Transportation:		
Bike/Jogging Trail - Phase VII Project	20.205	$ 200,821.93
Highway Safety Cluster:		
Governor's Highway Safety Program	20.600	$ 36,078.98
Governor's Highway Safety Program	20.600	23,694.51
Click It or Ticket Challenge	20.604	500.00
Click It or Ticket Challenge	20.604	2,000.00
Click It or Ticket Challenge	20.604	13,700.89
DUI Enforcement Project	20.601	45,884.89
Total Highway Safety Cluster		121,859.27
Total U.S. Department of Transportation		$ 322,681.20

See accompanying note to schedule of expenditures of federal awards.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Federal Grantor/Program Title	Federal CFDA Number	Expenditures As of June 30, 2005
Department of Housing and Urban Development:		
Community Development Block Grant	14.218	$ 1,645,000.00
Community Development Block Grant	14.218	-
Community Development Block Grant	14.218	-
		1,645,000.00
Home Program	14.239	314,255.77
Home Program	14.239	308,574.27
		622,830.04
Total Department of H.U.D.		$ 2,267,830.04
Department of Homeland Security:		
FY 2004 Homeland Security Grant Major WV Cities Grant Program	97.004	$ 525,243.91
FEMA - Public Assistance Program	97.036	$ 724,686.09
FEMA - Public Assistance Program	97.036	93,439.80
		818,125.89
Total Department of Homeland Security:		$ 1,343,369.80
Total expenditures of federal awards		**$ 4,169,038.94**

See accompanying note to schedule of expenditures of federal awards.

THE CITY OF WHEELING
WHEELING, WEST VIRGINIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The City of Wheeling and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
of the City of Wheeling, West Virginia:

We have audited the 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 Wheeling, West Virginia, as of and for the year ended June 30, 2005, which collectively comprise The City of Wheeling, West Virginia's basic financial statements and have issued our report thereon dated December 30, 2005. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wheeling's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Wheeling's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wheeling's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Mayor, City Council, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bordlein Wilson + Kozicki PLLC

Wheeling, West Virginia,
December 30, 2005.

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
of the City of Wheeling, West Virginia:

Compliance

We have audited the compliance of the City of Wheeling, West Virginia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Wheeling's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Wheeling's management. Our responsibility is to express an opinion on the City of Wheeling's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wheeling's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Wheeling's compliance with those requirements.

In our opinion, the City of Wheeling complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City of Wheeling is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wheeling's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bodkin Wilson & Kozicki PLLC

Wheeling, West Virginia,
December 30, 2005.

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statement

Type of auditor's report issued:	Qualified	
Internal control over financial reporting:		
▪ Material weakness identified?	X yes	____ no
▪ Reportable conditions identified that are not considered to be material weaknesses?	____ yes	X
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
▪ Material weakness identified?	____ yes	X no
▪ Reportable conditions identified that are not considered to be material weaknesses?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	____ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.004	FY2004 Homeland Security Grant Major WV Cities Grant Program
97.036	Public Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	X yes	____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

Ref 2005-1. Concession Sales at the Wheeling Municipal Auditorium Board

Condition: The concession cash drawers are counted by the cashiers at the end of each shift. The money is recounted and deposited within the next two days. The cashier's reconciliation sheet is maintained for future reference. However, the sales records were inadequate to support the cash collected, thus eliminating important audit trails for the concession receipts.

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Criteria: A financial accounting and reporting process should be in place to provide management with accurate sales records for the concession sales.

Effect: Due to the inadequacy of the records for concessions sales the entity could suffer losses due to underreporting or misappropriation of sales and cash receipts.

Recommendation: A system should be in place that provides sales and cash receipts records. This information should be reconciled after each event to the actual cash collections and bank deposit. The cash register tape detailing sales and cash receipts activity should be attached to the summary detailing actual cash collections and bank deposit.

Corrective Action: Management purchased new cash registers for the concession stands in March of 2004. The cash register tapes provide a summary of sales and cash collections. For the first six months of fiscal year ending June 30, 2005 the cash register tapes were reconciled with the actual cash collections but the tapes were not kept with the cash collections data. Starting in January of 2005 the cash register tapes were attached to the cash collection summary sheets.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were reported

APPENDIX D

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]
(Form of Bond Counsel Opinion)

September __, 2006

The City of Wheeling (West Virginia)
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

The City of Wheeling
Wheeling, West Virginia

Financial Security Assurance, Inc.
New York, New York

Ferris, Baker Watts, Incorporated
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Wheeling (West Virginia) (the "Issuer") of its $_____ aggregate principal amount Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on July 5, 2006, as supplemented by a Supplemental Parameters Resolutions duly adopted by the Issuer on August 1, 2006, and the Second Supplemental and Amendatory Resolution adopted by the Issuer on September 5, 2006 (said Ordinance, as so supplemented, collectively herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance.

The Bonds are issued in fully registered form, are dated September ___, 2006, upon original issuance, mature on June 1, in years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 2006, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Ordinance. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

The Ordinance provides that the issue is for the purposes of (i) refunding the City's outstanding Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing water portion of the City's combined waterworks and sewerage system of the Issuer; (iii) funding a reserve account for the Bonds; and (iv) paying certain costs of issuance of the Bonds and related costs.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (the "Series 1997 Bonds"), and (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (the "Series 2005 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2006 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects.

The Bonds have been sold to Ferris, Baker Watts, Incorporated (collectively, the "Purchaser"), pursuant to a Bond Purchase Agreement dated September __, 2005, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer and others, contained in the Ordinance and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants, representations and certifications of the Issuer and others, pertaining to tax matters set forth in the Ordinance and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement constitutes a valid, legal, binding and enforceable instrument of the Issuer in accordance with its terms; and the Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable from the Gross Revenues and issued on a parity with respect to liens, pledge and sources of and security for payment with the Outstanding Prior Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (including original issue discount properly allocable to owners of the 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 upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 5, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

6. The Series 2003 A Bonds have been paid within the meaning and with the effect expressed in the Prior Ordinance authorizing the issuance of the Series 2003 A Bonds, and the covenants, agreements and other obligations of the Issuer to the holder of the Series 2003 A Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt and release of the holder of the Series 2003 A Bonds.

7. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Bonds, to register any securities under said Securities Acts.

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

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

08/31/06
964250.00042

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE AS SUPPLEMENTED AND AMENDED

The following is a summary of certain terms, provisions and covenants of the Ordinance. This summary makes use of terms defined in the Ordinance, certain of which are defined in "Definitions" which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Ordinance in its entirety for the complete and actual terms, provisions and covenants thereof.

Definitions

"Act" means Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2006 A Bonds.

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2006 A Bonds, shall mean the Bond Insurer, if any, designated in the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2006 A Bonds and the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in the Ordinance.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 A Bonds, in substantially the form set forth in EXHIBIT A - FORM OF SERIES 2006 A BOND attached to the Ordinance.

"City" or "Issuer" means The City of Wheeling, a municipal corporation and political subdivision of the State of West Virginia, in Ohio and Marshall counties thereof, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means, collectively, Burgess & Niple, Inc., Parkersburg, West Virginia, and Gannett Fleming, Inc., Harrisburg, Pennsylvania, or any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Project" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs described in the Ordinance.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by the Ordinance.

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

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

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

"Depreciation Fund" means the Depreciation Fund established by the Prior Ordinances and continued by the Ordinance.

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

"DTC-eligible" means, with respect to the Series 2006 A Bonds, meeting the qualifications prescribed by DTC.

"Event of Default" means any occurrence or event specified in the Ordinance.

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

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

"Governing Body" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, provided that, "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments) or any Tap Fees, as hereafter defined.

"Independent Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

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

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Series 2006 A Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the current Mayor of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 2006 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 A Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth in the Ordinance, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of Gross Revenues remaining after deduction of Operating Expenses, as defined in the Ordinance.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Ordinances and continued by the Ordinance.

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

"Original Purchaser" means Ferris, Baker Watts, Charleston, West Virginia as the purchaser of the Series 2006 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 A Bonds, as hereinafter defined, including the exact

principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of said Series 2006 A Bonds.

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

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with the Ordinance.

"Prior Bonds" shall mean, collectively, the Series 2005 A Bonds and the Series 1997 Bonds.

"Prior Ordinances" shall have the meaning set forth in the recitals hereto.

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

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, specifically including, but not limited to, the construction of upgrades to the distribution system, which shall include the replacement of deteriorated water lines, improvements to the Wheeling Park booster pumping station and improvements to the Supervisory Control and Data Acquisition System, and all necessary appurtenances.

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

"Rebate Fund" means the Rebate Fund established by the Prior Ordinances and continued by the Ordinance.

"Record Date" means the day of the month which shall be so stated in the Series 2006 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Series 2006 A Bonds, and any successor thereto appointed in accordance with the Ordinance.

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2006 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinances and continued by the Ordinance.

"Series 1997 Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000.

"Series 2003 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000.

"Series 2005 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, of the Issuer, originally authorized to be issued pursuant to the Ordinance and the Supplemental Resolution.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by the Ordinance.

"Series 2006 A Bonds Redemption Account" means the Series 2006 A Bonds Redemption Account established by the Ordinance.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to the Ordinance.

"Series 2006 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 A Bonds.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by the Ordinance.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2006 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 A Bonds and authorizing the sale of the Series 2006 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"System" means, the complete existing public municipal combined waterworks and sewerage system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

"Term Bonds" means Series 2006 A Bonds subject to mandatory sinking fund redemption, as described in the Ordinance.

Disposition of Proceeds of Bonds

Upon the issuance and delivery of the Series 2006 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on Series 2006 A Bonds, if any, from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 A Bonds Sinking Fund and applied to payment of interest on the Series 2006 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2006 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2006 A Bonds Reserve Account.

3. An amount of the proceeds of the Series 2006 A Bonds equal to the entire outstanding principal of and all accrued interest on the Series 2003 A Bonds as set forth in the Supplemental Resolution shall be remitted to the Bond Commission to pay the Series 2003 A Bonds in full.

4. The amount of Series 2006 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2006 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with the Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2006 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 A Bonds Sinking Fund established in by the Ordinance and applied to the next ensuing payment of interest on the Series 2006 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2006 A Bonds from which such proceeds are derived.

5. The balance of Series 2006 A Bonds proceeds, if any, shall be deposited in the Series 2006 A Bonds Construction Trust Fund and disbursed as provided in the Ordinance.

Disbursements from the Series 2006 A Bonds Construction Trust Fund

Disbursements from the Series 2006 A Bonds Construction Trust Fund, except for payment of Costs of Issuance of the Series 2006 A Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of the Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Establishment of Funds and Accounts with Depository Bank

The following special funds are created with (or continued if previously established by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other and used solely for the purposes provided in the Ordinance:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Costs of Issuance Fund;

(5) Rebate Fund (established by the Prior Ordinances); and

(6) Series 2006 A Bonds Construction Trust Fund;

The following special funds and accounts are hereby established with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other and used solely for the purposes provided in the Ordinance:

(1) Series 2006 A Bonds Sinking Fund;

(a) Within the Series 2006 A Bonds Sinking Fund:

(i) Series 2006 A Bonds Reserve Account; and

(ii) Series 2006 A Bonds Redemption Account.

Application of Revenues

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) commencing 7 months prior to the first interest payment date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 A Bonds deposited therein.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund and in the Series 2006 A Bonds Redemption Account therein in the case of the Term Bonds which

are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

Moneys in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2006 A Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2006 A Bonds Reserve Account Requirement. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2006 A Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 A Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The payments into the Series 2006 A Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of the Ordinance.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Depository Bank for deposit into the Operation and Maintenance Fund the amount necessary to pay the current Operating Expenses of the System.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2006 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 A Bonds Reserve Account below the Series 2006 A Bonds Reserve Requirement or any withdrawal from the Series 2006 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 A Bonds Reserve Account is less than the Series 2006 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 A Bonds Reserve Account for deposit into the Series 2006 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 A Bonds Reserve Account to an amount equal to the Series 2006 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2006 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2006 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2006 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2006 A Bonds Reserve Requirement.

Amounts in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 A Bonds when due, when amounts in the Series 2006 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Depreciation Fund a sum equal to not less than 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in any Reserve Account (so that the amount on deposit therein is at least equal to the applicable Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Funds (including the Reserve Accounts);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System; and

(d) Upon resolution of the Issuer, moneys in the Depreciation Fund in excess of $1,000,000 may be transferred by the Issuer to the Redemption Account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(7) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on any subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided in the Ordinance. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by the Ordinance.

C. If on any monthly payment date the Gross Revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be

made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to the Ordinance and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2006 A Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such series of Bonds then Outstanding, if less than the full amount required by the Ordinance.

Series 2006 A Bonds Secured by Parity Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds

The payment of the debt service of all of the Series 2006 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds, and all moneys in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A Bonds authorized by the Ordinance, and to make the payments into the Series 2006 A Bonds Sinking Fund, all moneys and securities in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, and all other payments provided for in the Ordinance, are hereby irrevocably pledged in the manner provided in the Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2006 A Bonds herein authorized by the Ordinance as the same become due and for the other purposes provided in the Ordinance.

Investments

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

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

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Depreciation Fund or the Series 2006 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, semiannually transfer from the Series 2006 A Bonds Reserve Account to the Series 2006 A Bonds Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in the Series 2006 A Bonds Reserve Account an amount at least equal to the Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 A Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 A Bonds Reserve Account shall, at any time, be less than the Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Series 2006 A Bonds Sinking Fund and otherwise in accordance with the Ordinance.

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

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 A Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the Code of West Virginia, 1931, as amended.

Arbitrage

The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 A Bonds in such manner and to such extent as may be necessary, so that such Series 2006 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2006 A Bonds

will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Tax Certificate; Rebates and Rebate Fund

The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

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

Continuing Disclosure Certificate

The Issuer shall deliver a continuing disclosure certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

Rates

Prior to the issuance of the Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer, through the Ordinance, covenants and agrees that: (a) so long as the Series 1997 Bonds are outstanding, the schedule or schedules of rates or charges from time to time enacted with all appeals having expired, shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month; (b) so long as the Series 2005 A Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 Bonds including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; and (c) so long as the Series 2006 Bonds are outstanding, the schedule or schedules of rates or charges in effect shall be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on parity obligations, and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month, and (y) amounts required to meet any legal debt or other obligation of the System coming due in that period. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

The Issuer, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Completion of Project; Operation and Maintenance

The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in the Ordinance. The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Issuance of Other Obligations Payable Out of Revenues
and General Covenant Against Encumbrances

The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in the Ordinance, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Gross Revenues with the Series 2006 A Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds.

The Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional parity Bonds, being on a parity with the lien of the Series 2006 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2006 A Bonds and the interest thereon in the Ordinance or upon the System or any part thereof.

Additional Parity Bonds

So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to the Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto or the Prior Bonds, or to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

So long as the Series 1997 Bonds are outstanding, no such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the

increased annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 1997 Bonds are no longer outstanding and the Series 2005 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants reciting the parity coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

So long as the Series 2006 A Bonds are outstanding, no such additional parity bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by an Independent Accountant, reciting the conclusion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or in any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, shall not be less than 125% of the annual debt service during such period, and projected Net Revenues in each of the 3 succeeding years, as adjusted for adopted rate increases for which all appeals have expired, shall not be less than 120% of Maximum Annual Debt Service (unless otherwise consented to by the insurer) on the following:

(1) The Series 2006 A Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "increased annual Net Revenues expected to be received" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity Bonds.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2006 A Bonds, and all the covenants and other provisions of the Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2006 A Bonds, the Prior Bonds and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "additional parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from Surplus Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2006 A Bonds, except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance on account of the Bonds then Outstanding, if any (excluding the Depreciation Fund), and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of the additional parity Bonds.

Insurance and Bonds

So long as the Prior Bonds are outstanding, the Issuer shall procure, carry and maintain insurance and bonds and workers' compensation coverage pursuant to the provisions of the Prior

Ordinances. To the extent the provisions of the Prior Ordinances and the Ordinance are in conflict, the Issuer shall comply with the more stringent requirement. The Issuer, through the Ordinance, covenants and agrees, that so long as the Series 2006 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Depreciation Fund.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Mandatory Sewer Connections

The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and

the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

No Free Services

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

Enforcement of Collections

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

No Competing Franchise

To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Operating Budget

So long as the Series 1997 Bonds are outstanding, the Issuer shall comply with the requirements of the ordinance authorizing the Series 1997 Bonds. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Holder of Bonds or anyone acting for and in behalf of such Holder who requests the same.

Report of Consulting Engineers. So long as the Series 1997 Bonds are outstanding, the Issuer shall, at least once each year retain recognized qualified independent Consulting Engineers to review the operation, maintenance and repair of the System and to report to the Issuer in writing their recommendations and comments pertaining to the System, including the rate coverage of the System for the Fiscal Year. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available, upon request, to the Original Purchaser, any Bond Insurer and any Bondholder. Upon the payment of the Series 1997 Bonds, such report shall not be required.

Events of Default

Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

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

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

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

Enforcement

Upon the happening and continuance of any Event of Default, any Holder of any Bond or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

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

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

(C) Bring suit upon the Bonds;

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

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

No remedy by the terms of the Ordinance conferred upon or reserved to the Holders 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 Holders hereunder or now or hereafter existing at law or by statute.

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

No waiver of any default or Event of Default hereunder by the Holders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Appointment of Receiver

If there be any Event of Default existing and continuing, any Holder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2006 A Bonds, the deposits into the funds and accounts established by the Ordinance as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, maintain, manage and

control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Series 2006 A Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of the Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

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

Defeasance; Discharge of Pledge of Ordinance

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 A

Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Series 2006 A Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Series 2006 A Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Series 2006 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Amendment of Ordinance

The Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Holder or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2006 A Bonds, provided that, in the event any of the Series 2006 A Bonds are insured, no such amendment or modification which adversely affects the security for such Series 2006 A Bonds or the rights of the applicable Bond Insurer for such Series 2006 A Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 A Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 A Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2006 A Bonds required for consent to any such modification or amendment.

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APPENDIX F

FORM OF BOND INSURANCE POLICY

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FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N

Effective Date:

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

APPENDIX G

FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and among the City of Wheeling, West Virginia, a governmental instrumentality and political subdivision of the State of West Virginia (the "Issuer"), and WesBanco Bank, Inc., Wheeling, West Virginia (the "Dissemination Agent"), in connection with the issuance of $_____ City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds"). The Bonds are being issued pursuant to the bond ordinance enacted by the Council of the Issuer enacted on July 5, 2006, and supplemental resolutions adopted by the Council of the Issuer on August 1, 2006 and September 5, 2006 (collectively, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with SEC Rule 15c2-l2(b)(5).

Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "Central Post Office" or "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Purchase Contract dated September __, 2006, which apply to any capitalized term used in the Agreement 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 Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, 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 Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"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).

"Central Post Office" means the Texas Municipal Advisory Council ("MAC") (http://www.disclosureusa.org) or any successor or alternative entity approved by the United States Securities and Exchange Commission.

"Dissemination Agent" shall initially mean WesBanco Bank, Inc. or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds who is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository arid the State Repository.

"Rule" shall mean Rule 1 5c2-12(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 the Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days after the end of the Issuer's fiscal year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2007, provide to each Repository Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of this Agreement. 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 the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under this Agreement. If the Issuer's fiscal year changes, the Issuer 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 Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in

compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to the Central Post Office for delivery 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 Central Post Office for delivery to each Repository or the Municipal Securities Rulemaking Board and the State Repository, if any, 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 the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided pursuant to this Agreement, stating the date it was provided and listing the Central Post Office and all the Repositories to which it was provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2007 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to the Central Post Office for delivery to each nationally recognized municipal securities information repository ("National Repository") and to any West Virginia State information repository ("State Repository"), information and data of the Issuer for the prior fiscal year, including the audited financial statements, prepared in accordance with generally accepted auditing 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 Issuer 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 Issuer 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 Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the 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 thaws 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 General Resolution;

11. rating changes.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to the Central Post Office and the Municipal Securities Rulemaking Board for delivery to the National Repository and the State 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 Resolution.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository with a copy to the Issuer. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer 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. WesBanco Bank, Inc., Wheeling, West Virginia, is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement 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 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 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 Bonds in the same manner as provided in the Resolution for amendments to the Resolution 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 Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer 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 by the Issuer, 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 the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement 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 the Agreement. If the Issuer 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 the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it is 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 Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchaser), the Dissemination Agent may or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	The City of Wheeling 1500 Chapline Street Wheeling, WV 26003
To the Dissemination Agent:	WesBanco Bank, Inc., Wheeling Bank Plaza Wheeling, WV 26003

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under this Disclosure Agreement and to rely upon an opinion of counsel.

Date: September __, 2006

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

WESBANCO BANK, INC., N.A., as Dissemination Agent

By: _____

Its: _____

{C1105605.3}

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Wheeling

Name of Issue: $_____ City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Date of Issuance: September __, 2006

Notice is hereby given that the Issuer 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 Issuer anticipates that the Annual Report will be filed by

Dated this ____ day of_____, 20_.

CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of September 1, 2006

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: 212-771-6999; 800-689-8466
Fax: 212-771-7390
http://www.ftid.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

STANDARD
&POOR'S

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
reference no.: 797179

September 22, 2006

Financial Security Assurance Inc
Financial Guaranty Group
31 West 52nd Street
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Managing Director

Re: ***$12,000,000 City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2006A, dated: Date of Delivery, due: June 1, 2008-2017, Term Bonds due: June 1, 2021, June 1, 2026, June 1, 2036, (POLICY #207347-N)***

Dear Mr. Bauerfeld:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have assigned a rating of "AAA". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

Standard and Poor's /WSO

aw
enclosure

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions
Applicable To
U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

$12,000,000
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

BOND PURCHASE AGREEMENT

September 12, 2006

City of Wheeling
City County Building
1500 Chapline Street
Wheeling, West Virginia 26003

Ladies and Gentlemen:

Ferris, Baker Watts, Incorporated (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the City of Wheeling, West Virginia (the "City"). This offer is made subject to acceptance and execution of this Purchase Agreement by the City prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the City as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Mayor and the City Manager of the City in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Ordinance.

1. The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds") are being issued, along with other available funds, to (i) to refund the City's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, issued in the original principal amount of $1,940,000 (the "Refunded Bonds"); (ii) to pay the costs of the City of acquisition and construction of certain additions, betterments and improvements to the existing water portion (the "Project") of the combined waterworks and sewerage system (the "System") of the City; (iii) to fund a reserve account for the Bonds; and (iv) to pay a portion of the costs of issuance of the Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the conformed bond ordinance enacted by the Council of the City on July 5, 2006 (the "Ordinance") and as supplemented by a supplemental parameters resolution adopted by Council of the City on August 1, 2006 (the "Supplemental Resolution") and a second supplemental and amendatory resolution adopted by the Council

of the City on September 5, 2006 (the "Second Supplemental Resolution," and collectively with the Ordinance and the Supplemental Resolution, hereinafter the "Ordinance"). The Ordinance shall be substantially in the form previously submitted to the Underwriter with such changes and amendments as the City's and Underwriter's counsel shall approve.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, the Bonds, at an aggregate purchase price of $12,189,639.45 ($12,000,000 plus a net premium of $306,639.45 and minus Underwriter's Discount of $117,000). The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bond is called for prior redemption and payment on such date is provided for, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2007 as more fully described on Exhibit A-1 attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibits A-1, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the City, the City shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement dated September 5 2006 (the "Preliminary Official Statement") and prior to delivery of the Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the City by its Mayor and the City Manager as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The City authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Bonds.

On September 5, 2006, the City delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the City which deemed the Preliminary Official Statement "final' within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The City shall deliver or cause to be delivered to the Underwriter, after the acceptance by the City of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in

writing by the Underwriter, the Underwriter agrees to notify the City in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The City covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the City has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the City so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the City will furnish such information with respect to itself as the Underwriter from time to time reasonably request. The Underwriter hereby agrees that it will deposit or cause to be deposited with a nationally recognized municipal securities information repository a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the City that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the City from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on September 26, 2006, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the City will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the City and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of WesBanco Bank, Inc., as Depository Bank (the "Depository Bank"), for the account of the City. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The respective Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before each Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the

Bonds shall be made available to the Registrar by 4:00 p.m. on September 25, 2006. The City also agrees that it shall deliver to The Depository Trust Company the letter of representations, in the form required by The Depository Trust Company (the "DTC Letter of Representations") at the time required by The Depository Trust Company.

5. The City represents and warrants to the Underwriter and agrees that:

(a) The City is duly organized and validly existing as a municipal corporation of the State of West Virginia authorized to operate a combined public waterworks and sewer system pursuant to Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The City shall have complied and will comply at each Closing in all respects with all applicable statutes and laws, including the Act;

(c) The City has full legal right, power and authority to acquire and construct the Project, issue bonds for purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement dated September 5, 2006, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) At the time of the City's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) If the Official Statement is supplemented or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a

material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the City and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(h) Prior to the City's acceptance hereof, the City delivered to the Underwriter copies of the Preliminary Official Statement which the City deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the City shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the respective series of Bonds shall mean the earlier of (a) the day of the Closing unless the City has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the respective series of Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (a) above that the "end of the underwriting period" for the respective series of Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the City in writing as soon as practicable following the "end of the underwriting period" for the respective series of Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the City shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The City has duly authorized all necessary action to be taken by you for: (1) the acquisition and construction of the Project; (2) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (3) the execution and delivery of the Ordinance and the Undertaking; (4) the approval of the Official Statement and the execution of the Official Statement by the Mayor and the City Manager of the City; (5) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable solely from the Gross Revenues of the System and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the acquisition and construction of the Project or the validity of the Bonds, the Ordinance, the Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(o) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the City included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the City's System as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the City or any material adverse change in the general affairs, management, financial position, or results of operations of the City's System and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the City, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Mayor of the City or any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the City contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the City, and that any obligation or liability of the City hereunder or under the Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of each Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel their obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of their election to do so between the date hereof and each Closing Date, if at any time hereafter and prior to each Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any

committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the

Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the City; and

(c) At or prior to each Closing, the Underwriter and the City shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(1) The unqualified approving opinions, dated as of the Closing Date, of Steptoe & Johnson, Bond Counsel, in the forms attached as Appendix D to the Official Statement accompanied by a supplementary opinion of Bond Counsel, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit B;

(2) The opinion of Rose Humway-Warmuth, Esq., Wheeling, West Virginia, Counsel to the City, dated as of the Closing Date and addressed to the Underwriter and the City, in the forms attached hereto as Exhibit C;

(3) The opinion of Jackson Kelly PLLC, Charleston, West Virginia, counsel for the Underwriter, dated as of the Closing Date, substantially in the forms attached hereto as Exhibit D;

(4) A certificate, satisfactory to the Underwriter, of the Mayor of the City or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the acquisition and construction of the Project, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the acquisition and construction of the Project, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound;

(5) A certificate, satisfactory to the Underwriter, of the Consulting Engineer, dated as of the Closing Date, to the effect that, assuming adequate maintenance and repair, the useful life of the Project is not less than thirty (30) years;

(6) Copies of this Purchase Agreement executed by the parties thereto;

(7) An insurance policy or policies from Financial Security Assurance Inc. (the "Bond Insurer") insuring the payment of the principal of and interest on the Bonds;

(8) An unappealable order of the Public Service Commission of West Virginia (the "PSC") granting the Certificate of Convenience and Necessity for the Project;

(9) Executed copies of the Undertaking described in paragraph 5(j), in form and substance satisfactory to the Underwriter and counsel to the Underwriter;

(10) A certificate of the City executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the City is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(11) A certificate from Bodkin, Wilson & Kozicki PLLC, Certified Public Accountant, that the parity test set forth in the Prior Ordinance as amended, has been met;

(12) A certificate from Bodkin, Wilson & Kozicki PLLC, Certified Public Accountants, that the City has Gross Revenues sufficient to meet the rate coverage requirements of the Ordinance;

(13) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Ordinance;

(14) The Ordinance, certified by the City Clerk under the seal of the City, as having been duly adopted by the City and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(15) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(16) Evidence of the consent of Financial Guaranty Insurance Company to the modification of the rate covenant as set forth in the Ordinance and the Preliminary Official Statement;

(17) Evidence of an "AAA" rating from Standard & Poor's, Inc. based on the bond insurance.;

(18) Evidence of bid extensions or executed construction contracts related to the Project; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request including the opinion of Bond Counsel with respect to the original issue discount.

If the City shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the City shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the City shall pay or cause to be paid from the proceeds of the Bonds, any fees and expenses incident to the performance of the City's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Steptoe & Johnson, Bond Counsel; (iv) the fees and disbursements of Rose Humway-Warmuth, Esq., Counsel for the City; (v) the fees and expenses of the Bond Insurer, including legal fees and expenses; (vi) rating agency fees; (vii) all advertising expenses in connection with the public offering of the Bonds; (viii) the fees and disbursements of the Registrar including legal fees of legal counsel; (ix) the fees and expenses of Counsel to the Underwriter; (x) the fees and expenses of the accountant; (xi) the fees and expenses of the PSC counsel; and (x) all other expenses and cost (including the fees and expenses of the City) for the authorization, issuance, sale and distribution of the Bonds.

8. The Underwriter shall pay from the underwriting spread (i) all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and Blue Sky qualification and filing fees and (ii) the fees and expenses in preparing the Preliminary Official Statement and Official Statement, the Blue Sky Survey, the Legal Investment Memoranda and this Purchase Agreement, and Blue Sky qualification and filing fees.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the City will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the City, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the City. For the purposes of this paragraph, the City will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the officials of the City nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the City within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the City:

City of Wheeling
City County Building
1500 Chapline Street
Wheeling, West Virginia 26003
Attention: Mayor

To the Underwriter:

Ferris, Baker Watts, Incorporated
100 Laidley Tower
500 Lee Street, East
Charleston, West Virginia 25301

12. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the City. This Purchase Agreement shall become legally effective upon its acceptance by the City, as evidenced by the signature of the Mayor and the City Manager of the City in the space provided hereinafter therefor.

Ferris, Baker Watts, Incorporated

By: _____
Its: Senior Vice President

ACCEPTED AND APPROVED:

City of Wheeling

By: _____
Its: Mayor

By: _____
Its: City Manager

{C1105625.5}

EXHIBIT A-1

Series 2006 A Bonds

$2,570,000 Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Price	CUSIP
2008	$215,000.00	3.750%	100.287%	963270DS9
2009	$225,000.00	3.750%	100.427%	963270DT7
2010	$235,000.00	3.750%	100.474%	963270DU4
2011	$240,000.00	3.750%	100.465%	963270DV2
2012	$250,000.00	3.750%	100.351%	963270DW0
2013	$260,000.00	4.000%	101.579%	963270DX8
2014	$270,000.00	4.000%	101.450%	963270DY6
2015	$280,000.00	4.125%	102.156%	963270DZ3
2016	$290,000.00	4.125%	101.876%	963270EA7
2017	$305,000.00	4.125%	101.391%	963270DR1

$1,365,000.00 5.000% Term Bonds, Due June 1, 2021 at 106.549% 963270EB5
$2,095,000.00 4.250% Term Bonds, Due June 1, 2026 at 98.291% 963270EC3
$2,970,000.00 5.250%Term Bonds, Due June 1, 2036 at 106.554% 963270ED1
$3,000,000.00 4.750% Term Bonds, Due June 1, 2036 at 100.999% 963270___

The Series 2006 A Bonds are subject to redemption prior to the maturity thereof.

Optional Redemption

The Series 2006 A Bonds maturing on or after June 1, 2016 are subject to redemption prior to maturity at the option of the City at par.

Mandatory Sinking Fund Redemption

The Series 2006 A Bonds maturing June 1, 2021, June 1, 2026 and June 1, 2036, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection 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 2006 A Bonds Maturing June 1, 2021

Year (June 1)	Principal Amount
2018	$315,000

2019	$335,000
2020	$350,000
2021*	$365,000

Series 2006 A Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2022	$385,000
2023	$400,000
2024	$420,000
2025	$435,000
2026*	$455,000

Series 2006 A Bonds 5.25% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$235,000
2028	$250,000
2029	$260,000
2030	$275,000
2031	$285,000
2032	$300,000
2033	$315,000
2034	$335,000
2035	$350,000
2036*	$365,000

Series 2006 A Bonds 4.75% Maturing June 1, 2036

Year (June 1)	Principal Amount
2027	$240,000
2028	$250,000
2029	$265,000
2030	$275,000
2031	$290,000
2032	$305,000
2033	$320,000
2034	$335,000
2035	$350,000
2036*	$370,000

*Final maturity.

EXHIBIT B-1

[SUPPLEMENTAL BOND COUNSEL OPINON OF STEPTOE & JOHNSON]

BC Opinion.pdf

(TO COME)

EXHIBIT C-1

[LETTERHEAD OF ROSE HUMWAY-WARMUTH, ESQ., COUNSEL TO CITY]

(TO COME)

EXHIBIT D-1

[LETTERHEAD OF JACKSON KELLY PLLC]

September 26, 2006

Ferris, Baker Watts, Incorporated
100 Laidley Tower
500 Lee Street, East
Charleston, West Virginia 25301

Re: $12,000,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the City of Wheeling, West Virginia (the "City") of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds") in the aggregate principal amount of $12,000,000. In connection with rendering this opinion, we have examined the Official Statement dated September 12, 2006, the Bond Purchase Agreement dated September 12, 2006 (the "Purchase Agreement"), the Continuing Disclosure Agreement between you and the City dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the 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, counsel for the City, 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 that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix B thereto as to which we express no opinion) 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.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2006 A Bonds.

Very truly yours,

RULE 15c2-12 CERTIFICATE
OF THE CITY OF WHEELING, WEST VIRGINIA

The undersigned hereby certify and represent to Ferris, Baker Watts, Incorporated (the "Underwriter"), that they are the duly appointed and acting officers of The City of Wheeling, West Virginia (the "City"), authorized to execute and deliver this Certificate and further certify on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The information with respect to the City included in the Preliminary Official Statement is final within the meaning of the Rule, except for Permitted Omissions, and is accurate and complete in all material respects except for Permitted Omissions.

(5) If, at any time prior to the execution of the final Bond Purchase Agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement the City expects to make for the benefit of the Bondholders in the Ordinance, as defined by the Preliminary Official Statement, by which the City will undertake to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, we have hereunto set our hands as of this 5th day of September, 2006.

CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

By: _____
Its: City Manager

CITY OF WHEELING

WHEELING, WEST VIRGINIA 26003

OFFICE OF THE CITY SOLICITOR

September 25, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

HAND DELIVERY

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Dear Ms. Boardman:

As City Solicitor for The City of Wheeling, West Virginia (the "Issuer"), I wish to advise you that on September 26, 2006 (the "Settlement Date"), the Issuer will deliver its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A in the amount of $12,000,000 ("Series 2006 A Bonds") to DTC on behalf of Ferris, Baker Watts, Incorporated (the "Underwriter"), the purchaser thereof. The Series 2006 A Bonds are being issued, in part, to pay in full the Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"), currently held by Progressive Bank, N.A. (the "Bank").

On the Settlement Date, the payoff amount of the Series 2003 A Bonds, as shown on the attached payoff sheet from the Bank, is $439,844.33. On the Settlement Date, the Underwriter will wire $257,178.33 to the Bank and the City hereby requests the West Virginia Municipal Bond Commission to wire $182,666 from the Series 2003 A Bonds Sinking Fund and Reserve Fund to the Bank. Together, the amounts will be sufficient to pay the Series 2003 A Bonds in full.

If you have any questions regarding the foregoing, please feel free to call me.

Very truly yours,

Rosemary J. Humway-Warmuth

09/18/06
964250.00042

CH847874.1

$12,000,000

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

RECEIPT AND RELEASE

The undersigned duly authorized representative of Progressive Bank, N.A. (the "Bank"), the Bondholder of The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000 (the "Series 2003 A Bonds"), hereby certifies that on the date hereof, the Bank received from The City of Wheeling the aggregate sum of $[illegible],844.33 and such sum is sufficient to pay in full the principal of and all accrued interest c[illegible] and all fees regarding the Series 2003 A Bonds and discharge the liens, pledges and [illegible]ances securing the Series 2003 A Bonds.

WITNESS my signature this 26th day of September, 2006.

PROGRESSIVE BANK, N.A.

By: _____
Its: Authorized Representative

09.15.06
964250.00042

EXHIBIT C

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

THE CITY OF WHEELING (West Virginia)
[Name of Issuer]

February 4, 2003
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

THE CITY OF WHEELING (West Virginia)
(Issuer)

By: _____
(Authorized Officer's Signature)

Nicholas A. Sparachane, Mayor
(Print Name)

1500 Chapline Street
(Street Address)

Wheeling, WV USA 26003
(City) (State) (Country) (Zip Code)

(304) 234-3604
(Phone Number)

whgclerk@stratuswave.net
(E-mail Address)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

[2/02]

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 depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[**6.** Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

OPERATIONAL ARRANGEMENTS AGENT LETTER

Date: February 4, 2003

Underwriting Department
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

From time to time, this organization may be appointed as a trustee, paying agent, transfer agent, or an agent in some other capacity for issues of securities or other financial assets that The Depository Trust Company ("DTC") will be requested to make eligible for its services. The undersigned confirms that when this organization acts in one of these capacities for any such issues, it hereby covenants that, to the extent within its control, it will comply with the requirements set forth in the DTC Operational Arrangements, as they may be amended from time to time.

Very truly yours,

THE CITY OF WHEELING (West Virginia)
(Name of Organization)

By: _____
(Authorized Officer's Signature)

Nicholas A. Sparachane, Mayor
(Print Name)

1500 Chapline Street
(Street Address)

Wheeling, WV USA 26003
(City) (State) (Country) (Zip Code)

304) 234-3604
(Phone Number)

whgclerk@stratuswave.net
(E-mail Address)

DTCC

The Depository Trust & Clearing Corporation

[2/02]

$12,000,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006 A

REGISTRAR AGREEMENT FOR SERIES 2006 A BONDS

THIS AGREEMENT, dated as of September 26, 2006, by and between THE CITY OF WHEELING, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and WESBANCO BANK, INC., a state banking corporation, as Registrar (the "Bank") under an Ordinance of the Issuer enacted July 5, 2006, as supplemented (collectively, the "Ordinance").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $12,000,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"), pursuant to the Ordinance;

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Series 2006 A Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Agreement does appoint the Bank to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Series 2006 A Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Series 2006 A Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Bank and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement and the Ordinance, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The City of Wheeling
P.O. Box 1627
Wheeling, West Virginia 26102
Attention: Mayor

BANK: WesBanco Bank, Inc.
Wheeling, West Virginia 25301
Attention: Corporate Trust Department

8. The Bank, as Registrar, is hereby requested and authorized to authenticate and deliver the Series 2006 A Bonds in accordance with the Ordinance.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING and WESBANCO BANK, INC., have caused this Agreement to be signed in their respective names and on their behalf, all as of the date first above-written.

THE CITY OF WHEELING

By: _____
Its: Mayor

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

09/18/06
964250.00042

FEE SCHEDULE

[See Attached]

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 20 OF THE 2006 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

September 25, 2006

Betty Ireland

Secretary of State

sources for each hydrant or group of hydrants installed in compliance with section nine [§ 16-1-9], article one, chapter sixteen of the West Virginia code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the department of health and human resources. (1994, c. 31.)

ARTICLE 20.

COMBINED SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

Sec.
8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.
8-20-1b. Cooperation with other governmental units.
8-20-1c. Severance of combined system.

Part II. Right of Eminent Domain.

8-20-2. Right of eminent domain; limitations.

Part III. Revenue Bond Financing.

8-20-3. Ordinance describing project; contents.
8-20-4. Publication of abstract of ordinance and notice; hearing.
8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
8-20-7. Lien of bondholders.
8-20-8. Covenants with bondholders.
8-20-9. Operating contract.
8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
8-20-11. Discontinuance of water service for nonpayment of rates or charges.
8-20-11a. Governmental entities subject to established rates.
8-20-12. Use of revenues; sinking fund.
8-20-13. System of accounts; audit.
8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.
8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV. Grants, Loans and Advances; Cumulative Authority.

8-20-16. Grants, loans and advances.
8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

Part V. Operation by Board; Construction.

8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.
8-20-19. Article to be liberally construed.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient

user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or

to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination. (1939, c. 98, §§ 1, 2; 1947, c. 112; 1955, c. 131; 1969, c. 86.)

Eminent domain. — Municipalities that operate sewer systems may exercise the power of eminent domain. When such a municipality is obliged to exercise that power in furtherance of its public responsibility, but refuses to do so, the public service commission may require the exercise of the power by appropriate order. Broadmoor/Timberline Apts. v. Public Serv. Comm'n, 180 W. Va. 387, 376 S.E.2d 593 (1988).

Plant expansion or repair. — Considering the general grant of authority provided by § 8-12-5(32) there is no language in this article that would prevent a municipality from granting funds to its combined waterworks and sewerage system to be used for plant expansion or repair. What this section does say, however, is that if the municipality wishes to finance any of the activities governed by the article, it must do so by revenue bonds or by loans or advances under § 8-20-16. Op. Att'y Gen., April 3, 1979.

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipality owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes 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.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination

thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" 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 ways, 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 system" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways.

(2) "Combined waterworks, sewerage and stormwater system" means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) "Combined system" means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) "Stormwater management program" means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and 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. (1976, c. 83; 2001, c. 212.)

§ 8-20-1b. Cooperation with other governmental units.

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof. (1986, c. 118; 2001, c. 212.)

§ 8-20-1c. Severance of combined system.

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with 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 selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law. (2001, c. 212.)

PART II. RIGHT OF EMINENT DOMAIN.

§ 8-20-2. Right of eminent domain; limitations.

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of

constructing any additions, betterments or improvements to any system within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, that the power of eminent domain provided in this section shall not extend to 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. (1947, c. 112; 1969, c. 86; 2001, c. 212.)

Applied in Cincinnati Ins. Co. v. Mills, 208 W. Va. 723, 542 S.E.2d 886 (W. Va. 2000).

PART III. REVENUE BOND FINANCING.

§ 8-20-3. Ordinance describing project; contents.

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the

works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86; 2001, c. 212.)

§ 8-20-4. Publication of abstract of ordinance and notice; hearing.

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body 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 [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto. (1939, c. 98, § 5; 1947, c. 112; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry 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 terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, 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 other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 2001, c. 212.)

§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86; 2001, c. 212.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to

any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five [§ 8-20-5] hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

§ 8-20-8. Covenants with bondholders.

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

(a) The purpose or purposes to which the proceeds of sale of bonds or the revenues derived from said combined system may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depository for any of the funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of rates, fees or charges for the use of the services and facilities of the combined system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined system, and the rank

or priority, as to lien and source and security for payment from the revenues of such combined system, between bonds payable from the revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which defaults may be declared cured and the acceleration of the maturity of the bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined system and restrictions and limitations upon expenditures for the purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of the budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon the combined system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

§ 8-20-9. Operating contract.

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish rates, fees or charges for such purpose. Separate rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or charges for the combined water and sewer services, and, if applicable, the stormwater services. Such rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance

of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212.)

Municipalities not granted authority to limit, modify or eliminate tort liability. — A municipal ordinance that is enacted pursuant to the power granted municipalities in this section to operate and maintain sewer systems that purports to limit, modify or eliminate tort liabilities and immunities related to such a sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Calabrese v. City of Charleston, 515 S.E.2d 814 (W. Va. 1999).

Municipality cannot compel landlord liability. — While a landlord may choose to contract directly with the municipality if he seeks to furnish utilities as an element of the rental package, W.Va. Code § 8-20-10 is not an instrument through which municipalities can compel a landlord to contract with the municipality and to assume responsibility for the tenant's delinquencies. State ex rel. Pub. Serv. Comm'n v. Town of Fayetteville, 212 W. Va.427, 573 S.E.2d 338 (2002), *this is a per curiam opinion.*

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges.

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of the combined system for the

nonpayment of the rates, fees or charges for said water service or sewer service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them. (1955, c. 133; 1969, c. 86; 2001, c. 212.)

§ 8-20-11a. Governmental entities subject to established rates.

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article 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 shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or charges for combined services or 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. (2001, c. 212.)

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118; 2001, c. 212.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be

properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86; 2001, c. 212.)

§ 8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court [county commission] of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system. (1957, c. 127; 1969, c. 86.)

Editor's notes. — For construction of the county court as county commission, see W.Va. Const. art. IX, § 9.

§ 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven [§ 8-20-7] 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 ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

PART IV. GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY.

§ 8-20-16. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other

negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article notwithstanding, interest on any loans or temporary advances may be paid from the proceeds thereof until the maturity of the notes or other negotiable instrument.

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118; 2001, c. 212.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes 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.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61; 2001, c. 212.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§§ 8-16-1 et seq.] of this chapter.

However, no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes 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.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid. (1961, c. 104; 1969, c. 86; 2001, c. 212.)

§ 8-20-19. Article to be liberally construed.

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86.)

ARTICLE 20A.

NEIGHBORHOOD REHABILITATION.

Sec.
8-20A-1. Legislative findings and purpose.
8-20A-2. Definitions.
8-20A-3. Neighborhood rehabilitation fund.
8-20A-4. Inspection and technical assistance.
8-20A-5. Deferral of repayment.

§ 8-20A-1. Legislative findings and purpose.

(a) The legislature hereby finds and declares that the lack of safe, decent, sanitary and affordable owner-occupied and rental dwellings is one of the most serious problems facing this State and that a major contributing factor to this problem is the deterioration of the State's existing housing stock; that these deteriorating dwellings exist in both the urban and rural areas of the State; that a disproportionate number of owners of these deteriorating dwellings are older, less affluent and otherwise less able to afford the expense of the remodeling, repairing and rehabilitating of their residences necessary to maintain such residences in a sanitary, safe and decent condition; that because of the lack of acceptable loan collateral, the age of their residences and the location and age of the neighborhoods in which their residences are located, many of such owners have not been able to borrow funds necessary to effect such remodeling, repair and rehabilitation; and that some of such homeowners who have been able to obtain funds for such purposes have been able to do so only upon rates of interest and upon other terms and conditions which are particularly onerous and disadvantageous to such owners.

(b) The legislature further finds and declares that the assistance authorized in this article will provide, and will encourage private lenders to provide, to such owners, more readily and at rates of interest and upon other terms and conditions significantly more favorable to such owners, the loans necessary to finance the cost of such remodeling, repair and rehabilitation.

(c) The legislature further finds and declares that the powers granted to municipalities and counties in this article will enable them to maximize the use of federal programs for housing rehabilitation.

(d) The legislature further finds and declares that it is manifestly in the public interest to foster the pride, self-respect and esteem incident to home ownership and to encourage and assist in the maintenance of residences, both owner occupied and rental, in a safe, decent and sanitary condition; that without the assistance authorized in this article, there will be continued deterioration of housing with the resultant proliferation of slums, higher crime rates and general decline in civic pride, public spirit and the quality of life, with all of the public cost, direct and indirect, attendant thereon; and that

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trate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(d) No municipality may foreclose upon the premises served by it for delinquent rates or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1989, c. 133; 1990, cc. 140, 141; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, in the section heading, added "Deposit required for new customers" to the beginning, deleted "notice of delinquency" preceding "failure," and inserted "payment from deposit; reconnecting deposit; return of deposit; liens"; added (a)(2); in (a)(1), in the first sentence, substituted "twenty" for "thirty" and "property and the owner thereof, as well as the" for "owner" preceding the second occurrence of "user," and "and property" following the second occurrence of "user," and added the last two sentences; and deleted "as provided by ordinance of the municipality" following the first occurrence of "delinquent" in (b).

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part III. Revenue Bond Financing.

Sec.
8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, inserted "Waterworks and Sewerage" in the article heading.

PART III. REVENUE BOND FINANCING.

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a)(1) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

(2) Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the stormwater services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of one hundred dollars or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, no reconnecting or reinstatement of service may be made by the municipality or governing body until another deposit equal to one hundred dollars or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: Provided, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magis-

trate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, in the section heading, deleted "regulations and" preceding "fix," inserted "deposit required for new customers," and "discontinuance of service; reconnecting deposit; return of deposit"; redesignated the former second paragraph of (a) as (a)(2) and added (a)(3) and (4); in (a)(1), deleted "and regulations" preceding "for the repair" and "regulations and" preceding "ordinances," and substituted "storm water" for "stormwater"; in (a)(2), inserted "required deposits" in the first sentence, in the second sentence, inserted "deposits," deleted "charges" preceding "for the combined," and substituted "storm water" for "stormwater," inserted "deposits" in the third sentence, and added "Deposits" at the beginning of the last sentence; and, in (b), substituted "twenty" for "thirty" and inserted "and the municipality or governing body may apply any deposit against any delinquent fee."

ARTICLE 21.

BOARD OF PARK AND RECREATION COMMISSIONERS.

Part I. Establishment; Organization.

Sec.
8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.

PART I. ESTABLISHMENT; ORGANIZATION.

§ 8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.

The board shall consist of not less than three nor more than seven members as may be provided by charter provision or ordinance, a majority of whom shall constitute a quorum for the transaction of business, except as hereinafter in this article provided. Each member of the board must be a resident and freeholder of the city. It may be provided either by charter provision or by ordinance for the appointment of the members thereof by the governing body, but unless and until such provision is made, the members of the board shall be

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If Amended Return, check here ▶ ☐

1	Issuer's name: City of Wheeling	2	Issuer's employer identification number: 55 6000271
3	Number and street (or P.O. box if mail is not delivered to street address): 1500 Chapline Street — Room/suite:	4	Report number: 3 - 2006 - 01
5	City, town, or post office, state, and ZIP code: Wheeling, West Virginia 26003	6	Date of issue: September 26, 2006
7	Name of issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A	8	CUSIP number: 963270EE9
9	Name and title of officer or legal representative whom the IRS may call for more information: Robert Herron, City Manager	10	Telephone number of officer or legal representative: (304) 234.3617

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	12,306,639.45
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

RECEIVED NOV 13 2006 OGDEN, UT 183 IRS-OSC

Part III Description of Obligations. 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	6-1-2036	$ 12,306,639.45	$ 12,000,000	18.786 years	4.5756003 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	12,306,639.45
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	226,000		
25	Proceeds used for credit enhancement	25	193,676.63		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	775,237.50		
27	Proceeds used to currently refund prior issues	27	257,178.33		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	1,452,092.46
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	10,854,546.99

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	less than 7 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called ▶	October 1, 2006
34	Enter the date(s) the refunded bonds were issued ▶	January 23, 2003

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

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.

▶ Signature of issuer's authorized representative — Date: September 26, 2006 ▶ Nick Sparachane, Mayor — Type or print name and title

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 26, 2006

(See Reverse for Instructions)

ISSUE: The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

ADDRESS: 1500 Chapline Street, Wheeling, West Virginia 26003 COUNTY: Ohio

PURPOSE OF ISSUE: New Money: X
Refunding: X

REFUNDS ISSUE(S) DATED: January 23, 2003

ISSUE DATE: September 26, 2006

CLOSING DATE: September 26, 2006

ISSUE AMOUNT: $12,000,000

RATE: Various

1ST DEBT SERVICE DUE: June 1, 2007

1ST PRINCIPAL DUE: June 1, 2008

1ST DEBT SERVICE AMOUNT: $ 378,861.02

PAYING AGENT: West Virginia Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John Stump, Esquire
Phone: (304) 353-8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: WesBanco Bank, Inc.
Contact Person: Janet L. Shelburne
Phone: (304) 234-9436

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Michaeline Raszkiewicz
Position: Supervisor
Phone: (304) 234-3722

OTHER: Underwriter - Ferris, Baker Watts, Incorporated
Contact Person: Marie Prezioso
Function: Senior Vice President
Phone: (304) 345-3421

DEPOSITS TO MBC AT CLOSE:
By: X Wire
Check

Accrued Interest: $
Capitalized Interest: $
X Reserve Account: $ 775,237.50
Other: Pay off $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: X Wire
Check
IGT

To Escrow Trustee: $
To Issuer $
To Cons. Invest. Fund $
X To Other: Progressive $ 182,666

NOTES: The Underwriter will wire 2006 A Bond proceeds in the amount of $257,178.33 to Progressive. Together, the $439,844.33 will pay the Issuer's Series 2003 Bonds in full.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

CH844362.1

FERRIS BAKER WATTS
Member N.Y.S.E., SIPC

Ferris, Baker
Watts, Incorporated
Member NYSE, SIPC
Public Finance
500 Lee Street, East
Suite 100
Charleston, West Virginia 25301
Phone: (304) 345-3421
Fax: 304/345-5722

MEMORANDUM

TO: **City of Wheeling**
Robert Herron, City Mgr.
Phone: 304/234-3617
Fax: 304/234-3652/3605
E-mail: rherron@cityofwheelingwv.org

Rose Humway-Warmuth, Esq. City Atty.
Phone: 304/234-3636
Fax: 304/234-3605
E-mail: rhwarmuth@cityofwheelingwv.org

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Accountant
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Jack Bodkin, CPA
Phone: 304/232-2280
Fax: 304/232-2322
E-mail: jbodkin@bwkcpas.com

Registrar
WesBanco
Janet Shelburne
Phone: 304/234-9436
Fax: 304/234-9431
E-mail: shelburnej@wesbanco.com

Municipal Bond Commission
Sara Boardman, Dir.
Phone: 304/558-3971
Fax: 304/558-1280
E-mail: sboardman@state.wv.us

FROM: Marie L. Prezioso

DATE: September 14, 2006

RE: Closing instructions for:
$12,000,000
City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Please read the following instructions and let me know immediately if there are any changes or problems.

On Tuesday, September 26, 2006, FBW will wire the following funds:

Wire #1:	WesBanco in the amount of	$10,963,546.99
Wire #2:	FSA (Bond Insurer) in the amount of	$ 193,676.63
Wire #3:	Progressive Bank in the amount of	$ 257,178.33
Wire #4:	BB&T (MBC – DSRF)	$ 775,237.50
	TOTAL	$12,189,639.45

WesBanco will deposit:

Construction Fund	$10,854,546.99
Costs of Issuance Fund (see attached)	$ 109,000.00
TOTAL	$10,963,546.99

The West Virginia Municipal Bond Commission will wire $182,666.00 to Progressive Bank on September 26, 2006

The amount of $439,844.33 is needed to pay off the Series 2003 A (Refunded Bonds) at Progressive Bank.

Municipal Bond Commission wire	$182,666.00
Ferris, Baker Watts wire	$257,178.33
TOTAL	$439,844.33

Wire #1:	$10,963,546.99
To:	WesBanco Trust & Investment Services
ABA#:	043400036
For Account:	City of Wheeling Combined Waterworks & Sewerage
Account No.:	76-1111-00
Attn:	Janet Shelburne, 304/234-9436

Wire #2:	$193,676.63
To:	The Bank of New York
ABA#:	021 000 018
Account Name:	Financial Security Assurance Inc.
Account No.:	8900297263
Transaction No.:	94020
Policy No.:	207 347-N

Wire #3:	$257,178.33
To:	Progressive Bank
ABA#:	0434-0322-4
For Account:	Loan No. 99376
Attn:	Kerrie Weisenborn, 304/233-0060

Wire #4:	$775,237.50
To:	BB&T
ABA#:	051503394
For Account:	State of West Virginia
Acct. No.:	5270517317
Attn:	Sara Boardman, 304/558-3971

These funds represent:

	Series A
Par Amount	$12,000,000.00
Plus:	
Reoffering Premium:	$ 342,443.00
Less:	
OID	$ 35,803.55
Underwriters Discount:	$ 117,000.00
TOTALS	$12,189,639.45

At closing when wire transfer number and name of sending bank for insurance premium is obtained, please call Audrey Udit at FSA at 212/339-3548.

Delivery:

Upon confirmation of the above funds transfer, DTC will be notified of FBW's DTC participation #039. Bonds to be credited: $12,000,000 Series 2006 A

DTC telephone number: 212/855-3752.

Finally, when closed, please call Carol at 410/230-2121.

$12,000,000
City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

2006 Series A
$2,570,000 Serial Bonds

Maturing (June 1)	Principal Amount ($)	Interest Rate (%)	Price (%)	CUSIP 963270
2008	215,000	3.750	100.287	DS 9
2009	225,000	3.750	100.427	DT 7
2010	235,000	3.750	100.474	DU 4
2011	240,000	3.750	100.465	DV 2
2012	250,000	3.750	100.351	DW 0
2013	260,000	4.000	101.579	DX 8
2014	270,000	4.000	101.450	DY 6
2015	280,000	4.125	102.156	DZ 3
2016	290,000	4.125	101.876	EA 7
2017	305,000	4.125	101.391	DR 1

$1,365,000	5.000% Term Bonds	due June 1, 2021 at 106.549%	963270 EB 5
$2,095,000	4.250% Term Bonds	due June 1, 2026 at 98.291%	EC 3
$2,970,000	5.250% Term Bonds,	due June 1, 2036 at 106.554%	ED 1
$3,000,000	4.750% Term Bonds	due June 1, 2036 at 100.999%	EE 9

Costs of Issuance

2006 Series A

Bond Counsel	55,000.00
Underwriter's Counsel	35,000.00
Registrar, Depository & Dissemination Agent	1,700.00
Standard & Poor's Rating Agency Fee	12,500.00
Printing POS/OS (estimate)	3,500.00
Miscellaneous	1,300.00
TOTAL	$109,000.00

$12,000,000

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2006A

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Wesbanco Bank, Inc., Wheeling, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance enacted by The City of Wheeling (the "Issuer") on July 5, 2006, as supplemented by a Supplemental Parameters Resolution of the Issuer adopted August 1, 2006, and a Second Supplemental and Amendatory Resolution adopted September 5, 2006 (collectively, the "Ordinance") authorizing issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, in the aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds") and agrees to serve as Depository Bank in connection with the Series 2006 A Bonds, all as set forth in the Ordinance.

Dated this 26th day of September, 2006.

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

09/18/06
964250.00042

CH844363.1

WEST VIRGINIA
Water Development Authority
Celebrating 32 Years of Service ***1974 - 2006***

September 26, 2006

$12,000,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2006 A

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of BODKIN, WILSON & KOZICKI, PLLC, independent certified public accountants, and the opinion of Steptoe & Johnson PLLC, bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds") by The City of Wheeling (the "Issuer"), under the terms of the bond ordinance authorizing the Series 2006 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) (the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwda.org

CITY OF WHEELING
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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CITY OF WHEELING

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2005 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF WHEELING:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The City of Wheeling (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Ohio and Marshall Counties of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public waterworks and sewerage system of the Issuer, consisting of upgrades to the existing wastewater treatment facilities and the rehabilitation of the existing sewer collection system, together with all appurtenant facilities, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System").

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $16,000,000 (the "Series 2005 A Bonds"), initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest, if any, upon the Series 2005 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2005 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the

things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2005 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Loan Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000; and (ii) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000 (collectively, the "Prior Bonds").

The Series 2005 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2005 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final

order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 A Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2005 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Bondholder," "Holder of the Bonds," "Holder," "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.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2005 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 A Bonds for all or a portion of the proceeds of the Series 2005 A Bonds from the Authority and the DEP.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Conestoga-Rovers & Associates, Pittsburgh, Pennsylvania, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

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

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

"Governing Body" means the Council of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means any and all grants received by the Issuer for the payment of a portion of the costs of acquiring and constructing the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the City of Wheeling, a municipal corporation and political subdivision of the State of West Virginia, in Ohio and Marshall Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2005 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2005 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of

the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the registrar for Prior Bonds at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid in accordance with the resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2005 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Issuer's (i) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, dated January 23, 2003, issued in the original aggregate principal amount of $1,940,000; and (ii) its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997, issued in the original aggregate principal amount of $20,600,000.

"Prior Ordinances" means, collectively, the ordinances of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) 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;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) 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;

(e) 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;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, 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, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(i) 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 Corporation.

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

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2005 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2005 A Bonds.

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

"Series 1997 Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, described in Section 1.02G hereof.

"Series 2003 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 2003 A, described in Section 1.02G hereof.

"Series 2005 A Bonds" means Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2005 A Bonds Construction Trust Fund" means the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2005 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2005 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $18,425,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $18,425,000, of which approximately $16,000,000 will be obtained from proceeds of the Series 2005 A Bonds, and approximately $2,425,000 will be obtained from the proceeds of a U.S. Environmental Protection Agency Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2005 A Bonds of the Issuer. The Series 2005 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program)", in the principal amount of not more than $16,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds remaining after funding of the Series 2005 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2005 A Bonds, if any, shall be deposited in or credited to the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2005 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2005 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as of the date specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2005 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2005 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2005 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, 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 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2005 A Bonds.

The registered Series 2005 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2005 A Bonds or transferring the registered Series 2005 A Bonds are exercised, all Series 2005 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2005 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2005 A Bonds, the Bond Registrar 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 and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2005 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2005 A Bonds or, in the case of any proposed redemption of Series 2005 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2005 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein

provided. No Holder or Holders of the Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2005 A Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2005 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2005 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WHEELING
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ___ day of _____, 2005, the CITY OF WHEELING, a municipal corporation and political subdivision of the State of West Virginia in Ohio and Marshall Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement (the "Loan Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, DATED JANUARY 23, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,940,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JANUARY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $20,600,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be

obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the ordinances authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the Bond Legislation, resolutions 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.

IN WITNESS WHEREOF, the CITY OF WHEELING has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2005 A Bonds Construction Trust Fund; and

(5) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2005 A Bonds Sinking Fund; and

(2) Series 2005 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amounts required by the Prior Ordinances to pay

interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of interest on the Series 2005 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2005 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amounts required by the Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund, an amount sufficient to pay current Operating Expenses of the System.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Reserve Accounts for the Prior Bonds, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the

Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, an amount equal to 5% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), so long as the Prior Bonds are outstanding, and thereafter, an amount equal to 2 1/2% of the Gross Revenues each month, so long as the Series 2005 A Bonds are outstanding, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Depreciation Fund.

Monies in the Series 2005 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2005 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2005 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2005 A Bonds Reserve Account which result in a reduction in the balance of the Series 2005 A Bonds Reserve Account to below the Series 2005 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund or into the Series 2005 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2005 A Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, including the Series 2005 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2005 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority anytime make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and the relevant provisions of the Prior Ordinances, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2005 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the 2005 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2005 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be expended as directed by the DEP.

Section 6.02. Disbursements From the Series 2005 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2005 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 A Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2005 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2005 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2005 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2005 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2005 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted October 21, 2003, and the sewer rates approved and described in the Recommended Decision of the West Virginia Public Service Commission entered February 10, 2004, in Case No. 03-1943-S-MA, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2005 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2005 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2005 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2005 A Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2005 A Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and the interest , if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $100,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $100,000 but not in excess of $200,000, the Issuer shall first, in writing determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation

thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2005 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding any outstanding Bonds, or both such purposes.

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

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2005 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2005 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP or their agents and representatives, to inspect all records pertaining to the operation and maintenance the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Governing Body. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2005 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 A Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a

summary thereof, to any Holder or Holders of the Series 2005 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2005 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the Prior Ordinances, so long as the Prior Bonds are outstanding, and thereafter, sufficient (i) to

provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such

fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance

policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project: Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2005 A Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 A Bonds during the term thereof is, under the terms of the Series 2005 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in

respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2005 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2005 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2005 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2005 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect upon the delivery of the Series 2005 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2005 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2005 A Bonds which would cause the Series 2005 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2005 A Bonds) so that the interest on

the Series 2005 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and 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 2005 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2005 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and 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 Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required,

the Issuer shall pay the required rebate amount, any and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2005 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2005 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2005 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2005 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2005 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2005 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2005 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2005 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2005 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Intelligencer*, a newspaper published and of general circulation in the City of Wheeling, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2005 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	March 1, 2005
Passed on Second Reading:	-	March 15, 2005
Passed on Final Reading Following Public Hearing:	-	April 5, 2005

Mayor

City Manager

Approved and Correct As to Form:

City Attorney

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the City of Wheeling on the 5th day of April, 2005.

Dated: May 3, 2005.

[SEAL]

City Clerk

04/12/05
964250.00019

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

CITY OF WHEELING

Combined Waterworks and
Sewerage System Revenue Bonds, Series 2005 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF WHEELING; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Wheeling (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective April 5, 2005 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WHEELING AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $16,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE

BONDS SERIES 2005 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $16,000,000 (the "Bonds" or "Series 2005 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $14,500,000. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2026, and shall bear interest at the rate of 2% per annum. The principal of and interest on the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2007, in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2005 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Wheeling, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2005 A Bonds shall be deposited in or credited to the Series 2005 A Bond Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about May 3, 2005, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. A portion of the Series 2005 Bond proceeds will be paid by the Issuer as follows: $1,325,928.67 will be paid to Progressive Bank, N.A. for credit to the Combined Waterworks and Sewerage System Design Revenue Bond, Series 2003 A and $26,744.33 will be paid to the City, all to cover preliminary costs of the Project and $549,408 will be deposited in the Series 2005 A Bonds Construction Trust Fund to cover future project invoices. All other proceeds of the Series 2005 A Bonds received at closing will be used to pay the invoices approved in the First Draw Resolution adopted April 19, 2005.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of April, 2005.

By: _____
Its: Mayor

By: _____
Its: City Manager

Approved and Correct to its Form:

By: _____
Its: City Attorney

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Wheeling on the 28th day of April, 2005.

Dated: May 3, 2005.

[SEAL]

City Clerk

04/21/05
964250.00019

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WHEELING
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $14,500,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 3rd day of May, 2005, the CITY OF WHEELING, a municipal corporation and political subdivision of the State of West Virginia in Ohio and Marshall Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOURTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($14,500,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2007, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2007, as set forth on Exhibit B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement (the "Loan Agreement") by and among the Issuer, the Authority and the DEP, dated April 20, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on April 5, 2005, and a Supplemental Resolution duly adopted by the Issuer on April 28, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2003 A, DATED JANUARY 23, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,940,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JANUARY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $20,600,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to comply with the rate coverage required by the ordinances authorizing the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, sufficient to provide for the reasonable expenses of operation, repair and maintenance of the

System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the Bond Legislation, resolutions 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.

IN WITNESS WHEREOF, the CITY OF WHEELING has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

SPECIMEN

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 3, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 2,100,722	May 3, 2005	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

$14,500,000
City of Wheeling
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: May 3, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/01/2005	-	-	-	-
09/01/2005	-	-	-	-
12/01/2005	-	-	-	-
03/01/2006	-	-	-	-
06/01/2006	-	-	-	-
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	147,857.00	2.000%	72,500.00	220,357.00
06/01/2007	148,596.00	2.000%	71,760.72	220,356.72
09/01/2007	149,339.00	2.000%	71,017.74	220,356.74
12/01/2007	150,086.00	2.000%	70,271.04	220,357.04
03/01/2008	150,836.00	2.000%	69,520.61	220,356.61
06/01/2008	151,591.00	2.000%	68,766.43	220,357.43
09/01/2008	152,349.00	2.000%	68,008.48	220,357.48
12/01/2008	153,110.00	2.000%	67,246.73	220,356.73
03/01/2009	153,876.00	2.000%	66,481.18	220,357.18
06/01/2009	154,645.00	2.000%	65,711.80	220,356.80
09/01/2009	155,418.00	2.000%	64,938.58	220,356.58
12/01/2009	156,196.00	2.000%	64,161.49	220,357.49
03/01/2010	156,977.00	2.000%	63,380.51	220,357.51
06/01/2010	157,761.00	2.000%	62,595.62	220,356.62
09/01/2010	158,550.00	2.000%	61,806.82	220,356.82
12/01/2010	159,343.00	2.000%	61,014.07	220,357.07
03/01/2011	160,140.00	2.000%	60,217.35	220,357.35
06/01/2011	160,940.00	2.000%	59,416.65	220,356.65
09/01/2011	161,745.00	2.000%	58,611.95	220,356.95
12/01/2011	162,554.00	2.000%	57,803.23	220,357.23
03/01/2012	163,367.00	2.000%	56,990.46	220,357.46
06/01/2012	164,183.00	2.000%	56,173.62	220,356.62
09/01/2012	165,004.00	2.000%	55,352.71	220,356.71
12/01/2012	165,829.00	2.000%	54,527.69	220,356.69
03/01/2013	166,659.00	2.000%	53,698.54	220,357.54
06/01/2013	167,492.00	2.000%	52,865.25	220,357.25
09/01/2013	168,329.00	2.000%	52,027.79	220,356.79
12/01/2013	169,171.00	2.000%	51,186.14	220,357.14
03/01/2014	170,017.00	2.000%	50,340.29	220,357.29
06/01/2014	170,867.00	2.000%	49,490.20	220,357.20
09/01/2014	171,721.00	2.000%	48,635.87	220,356.87
12/01/2014	172,580.00	2.000%	47,777.26	220,357.26
03/01/2015	173,443.00	2.000%	46,914.36	220,357.36
06/01/2015	174,310.00	2.000%	46,047.15	220,357.15
09/01/2015	175,181.00	2.000%	45,175.60	220,356.60
12/01/2015	176,057.00	2.000%	44,299.69	220,356.69
03/01/2016	176,938.00	2.000%	43,419.41	220,357.41

Date	Principal	Coupon	Interest	Total P+I
06/01/2016	177,822.00	2.000%	42,534.72	220,356.72
09/01/2016	178,711.00	2.000%	41,645.61	220,356.61
12/01/2016	179,605.00	2.000%	40,752.05	220,357.05
03/01/2017	180,503.00	2.000%	39,854.03	220,357.03
06/01/2017	181,406.00	2.000%	38,951.51	220,357.51
09/01/2017	182,313.00	2.000%	38,044.48	220,357.48
12/01/2017	183,224.00	2.000%	37,132.92	220,356.92
03/01/2018	184,140.00	2.000%	36,216.80	220,356.80
06/01/2018	185,061.00	2.000%	35,296.10	220,357.10
09/01/2018	185,986.00	2.000%	34,370.79	220,356.79
12/01/2018	186,916.00	2.000%	33,440.86	220,356.86
03/01/2019	187,851.00	2.000%	32,506.28	220,357.28
06/01/2019	188,790.00	2.000%	31,567.03	220,357.03
09/01/2019	189,734.00	2.000%	30,623.08	220,357.08
12/01/2019	190,683.00	2.000%	29,674.41	220,357.41
03/01/2020	191,636.00	2.000%	28,720.99	220,356.99
06/01/2020	192,594.00	2.000%	27,762.81	220,356.81
09/01/2020	193,557.00	2.000%	26,799.84	220,356.84
12/01/2020	194,525.00	2.000%	25,832.06	220,357.06
03/01/2021	195,498.00	2.000%	24,859.43	220,357.43
06/01/2021	196,475.00	2.000%	23,881.94	220,356.94
09/01/2021	197,457.00	2.000%	22,899.57	220,356.57
12/01/2021	198,445.00	2.000%	21,912.28	220,357.28
03/01/2022	199,437.00	2.000%	20,920.06	220,357.06
06/01/2022	200,434.00	2.000%	19,922.87	220,356.87
09/01/2022	201,436.00	2.000%	18,920.70	220,356.70
12/01/2022	202,444.00	2.000%	17,913.52	220,357.52
03/01/2023	203,456.00	2.000%	16,901.30	220,357.30
06/01/2023	204,473.00	2.000%	15,884.02	220,357.02
09/01/2023	205,495.00	2.000%	14,861.66	220,356.66
12/01/2023	206,523.00	2.000%	13,834.18	220,357.18
03/01/2024	207,555.00	2.000%	12,801.57	220,356.57
06/01/2024	208,593.00	2.000%	11,763.79	220,356.79
09/01/2024	209,636.00	2.000%	10,720.83	220,356.83
12/01/2024	210,684.00	2.000%	9,672.65	220,356.65
03/01/2025	211,738.00	2.000%	8,619.23	220,357.23
06/01/2025	212,797.00	2.000%	7,560.54	220,357.54
09/01/2025	213,861.00	2.000%	6,496.55	220,357.55
12/01/2025	214,930.00	2.000%	5,427.25	220,357.25
03/01/2026	216,004.00	2.000%	4,352.60	220,356.60
06/01/2026	217,084.00	2.000%	3,272.58	220,356.58
09/01/2026	218,170.00	2.000%	2,187.16	220,357.16
12/01/2026	219,261.00	2.000%	1,096.31	220,357.31
Total	**$14,500,000.00**	-	**$3,128,561.99**	**$17,628,561.99**

***Plus $19,553.52 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $1,564,281.60.**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

04/21/05
964250.00019

CITY OF WHEELING, WEST VIRGINIA

COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1995

ORDINANCE

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CITY OF WHEELING

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE CITY'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992 B, AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 C, BOTH DATED MAY 1, 1992, THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1995, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $24,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING, TO FUND A RESERVE ACCOUNT FOR SUCH BONDS AND TO PAY COSTS OF ISSUANCE THEREOF; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the City of Wheeling (the "Issuer") currently owns and operates a municipal combined waterworks and sewerage system (the "System"), and has heretofore financed and refinanced the acquisition and construction of certain additions, extensions and improvements thereto by issuance of several series of bonds or refunding bonds, pursuant to Chapter 8, Article 20 and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (respectively, the "Act" and the "Refunding Act"), of which there are presently Outstanding the following:

(i) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1992 A dated May 1, 1992, originally issued in the aggregate principal amount of $1,925,000, of which $1,555,000 is presently Outstanding (the "Series 1992 A Bonds");

(ii) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1992 B, dated May 1, 1992, originally issued in the aggregate principal amount of $8,505,000, of which $7,805,000 is presently Outstanding (the "Series 1992 B Bonds"); and

(iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 C, dated May 1, 1992, originally issued in the aggregate principal amount of $11,550,000, of which $11,250,000 is presently Outstanding (the "Series 1992 C Bonds");

WHEREAS, the Series 1992 A, Series 1992 B and Series 1992 C Bonds (collectively, the "Series 1992 Bonds") were issued concurrently, pursuant to an ordinance and a supplemental resolution of the Issuer enacted on April 7, 1992 and April 21, 1992, respectively, (such ordinance, as so amended and supplemented, collectively herein called the "Prior Ordinance");

WHEREAS, the Issuer is advised that present value interest savings will be realized in the aggregate, from the refunding of the Series 1992 B Bonds and Series 1992 C Bonds;

WHEREAS, the Issuer has accordingly determined to refund the Series 1992 B Bonds and the Series 1992 C Bonds (Collectively herein called the "Prior Bonds") to their first call or redemption date, as set forth in the hereinafter-defined Escrow Agreement, all in the manner set forth herein, with proceeds of the issuance of a series of bonds to be designated "City of Wheeling Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1995" (the "Series 1995 Bonds"), in the maximum aggregate principal amount of $24,000,000, and other moneys of the Issuer;

WHEREAS, the proceeds of the Series 1995 Bonds are to be applied to refunding of the Prior Bonds and the Series 1995 Bonds shall be secured by and payable from the Gross Revenues of the System on a parity with the Series 1992 A Bonds which shall not be refunded but shall remain Outstanding, and the Series 1995 Bonds shall contain such other terms and provisions as are hereinafter provided;

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

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 1995 Bonds.

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

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Bonds, and in the event the Series 1995 Bonds are insured, shall initially mean the Bond Insurer set forth in the Supplemental Resolution.

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

"Bond Year" means the 12 month period beginning on June 1 in each year and ending on May 31 in the following year except that the first Bond Year shall begin on the

Closing Date, or such other Bond Year as may from time to time be designated by the Issuer.

"Bonds" means, collectively, the Series 1995 Bonds, the Series 1992 A Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1995 Bonds, in substantially the form set forth in EXHIBIT A hereto.

"City" or "Issuer" means the City of Wheeling, a municipal corporation of the State of West Virginia, and, where appropriate, the Council, and any successor thereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 1995 Bonds for the proceeds representing the original purchase price thereof.

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

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

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, and shall initially mean Chester Environmental, Coraopolis, Pennsylvania.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act or the Refunding Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Prior Bonds including payment of redemption premiums and accrued interest thereon, amounts which may be deposited in the Reserve Account; legal expenses; expenses for estimates of costs and revenues, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, fiscal agent fees and expenses, underwriter's discount, initial fees for the services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Bonds and refunding of the Prior Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted, in connection with any thereof.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

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

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

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

"Depreciation Fund" means the Depreciation Fund created by Section 4.01 hereof.

"DTC-eligible" means, with respect to the Series 1995 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Escrow Agreement" means the agreement to be entered into between the Issuer, the Bond Commission and the Escrow Trustee, providing for the defeasance and ultimate payment of the Prior Bonds, the deposit therein of proceeds of the Series 1995 Bonds, the disposition of moneys in the various funds and accounts under the Prior Ordinance and matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established in the Escrow Agreement.

"Escrow Trustee" means the escrow trustee under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

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

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

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"Independent Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code, for federal income tax purposes.

"Mayor" means the Mayor of the Issuer.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 1995 Bonds, insuring the payment of the principal of and interest on all or any of the Series 1995 Bonds

in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, fees for the provider of a Reserve Account Letter of Credit, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Escrow Trustee, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Prior Bonds or the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund created by Section 4.01.

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

"Original Purchaser" means collectively, Legg Mason Wood Walker, Inc. and Hazlett, Burt & Watson, Inc., as the purchasers of the Series 1995 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 1995 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 1995 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 1995 Bonds, as hereinafter defined,

including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of said Series 1995 Bonds.

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

"Paying Agent" means the Registrar and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" shall mean, collectively, the Series 1992 B Bonds and the Series 1992 C Bonds.

"Prior Ordinance" shall have the meaning set forth in the recitals hereto.

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

"Project" shall have the meaning set forth in the Recitals hereof.

"Qualified Investments" means and includes any of the following (or such other investments as shall be set forth in the Supplemental Resolution):

A. Government Obligations.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and credit of the United States of America:

1. <u>U.S. Export-Import Bank</u>

Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration ("FmHA")
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration ("FHA") Debentures

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association ("GNMA")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations

7. U.S. Maritime Administration
   Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development ("HUD")
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U. S. Government guaranteed debentures

9. U. S. Public Housing Notes and Bonds
   U. S. government public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U. S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac")
   Participation certificates
   Senior debt obligations

3. Federal National Mortgage Association ("FNMA" or "Fannie Mae")
   Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association
Senior debt obligations

5. Resolution Funding Corp. ("REFCORP") obligations

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC.

G. Investment Agreements, including guaranteed investment contracts, acceptable to applicable Bond Insurers.

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the City (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Such Repurchase Agreements must satisfy the following criteria or be approved by the applicable Bond Insurer:

1. Repurchase Agreements must be between the City entity and a dealer bank or securities firm

(i) Primary dealers on the Federal Reserve reporting dealer list, or

(ii) Banks rated "A" or above by S&P and Moody's.

2. The written Repurchase Agreement contract must include the following:

(i) Securities which are acceptable for transfer are:

(1) Direct U.S. government obligations, or

(2) Securities of Federal agencies backed by the full faith and credit of the United States of America

(ii) The term of the Repurchase Agreement may be up to 30 days

(iii) The collateral must be delivered to the municipal entity, the trustee (if the trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities).

(iv) Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the City to the dealer bank or security firm under the Repurchase Agreement plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the City, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FMAC, then the value of collateral must equal 105%.

L. Any State-administered pool investment fund in which the Issuer is statutorily permitted or required to invest.

M. Reserve Fund investments shall be valued at cost if maturity is one year or less, and shall be valued at fair market value and marked-to-market annually if maturity is longer than one year. In no event shall investments have maturities extending beyond 3 years.

N. Other forms of investments approved in writing by the appropriate Bond Insurer with notice to S&P and Moody's.

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

"Recording Officer," "Recorder" or "Clerk" means the City Clerk of the Issuer.

"Redemption Account" means the Redemption Account created in the Sinking Fund by Section 4.02 hereof.

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

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

"Refunding Act" means Chapter 13, Article 2E of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 1992 Bonds.

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

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

"Reserve Account" means the Reserve Account created in the Sinking Fund by Section 4.02 hereof.

"Reserve Account Requirement" means, as of any date of calculation, Maximum Annual Debt Service on the applicable series of Bonds.

"Revenue Fund" means the City of Wheeling Combined Waterworks and Sewerage System Bonds Revenue Fund created by Section 4.01 hereof.

"Series 1995 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1995, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 1992 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1992 A, of the Issuer, originally authorized to be issued pursuant to the Prior Ordinance.

"Series 1992 B Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1992 B, of the Issuer, originally authorized to be issued pursuant to the Prior Ordinance.

"Series 1992 C Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 C, of the Issuer, originally authorized to be issued pursuant to the Prior Ordinance.

"Series 1992 Bonds" means, collectively, the Series 1992 A Bonds, the Series 1992 B Bonds and the Series 1992 C Bonds.

"Sinking Fund" means the Sinking Fund created by Section 4.02 hereof.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1995 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2), (3) and (4) have first been paid.

"System" means, collectively, the complete existing municipal waterworks system of the City, consisting of a water filtration and treatment plant, reservoirs, water tanks, distribution lines and booster stations and the complete existing municipal sewage treatment and collection system of the City, consisting of a sewage treatment plant, collection and transportation lines and lift stations now owned by the Issuer or any integral part thereof, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a waterworks or sewage treatment and collection system, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks or sewage treatment and collection system from any sources whatsoever, both within and without the Issuer.

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

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

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

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

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

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

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

A. The Issuer is a municipal corporation of the State of West Virginia in Ohio County of said State.

B. The Issuer now owns and operates the System as a municipal combined waterworks and sewerage system under the Act, the acquisition and construction of which have been financed and refinanced in part by the proceeds of the Series 1992 Bonds which are currently Outstanding in the aggregate principal amount of $20,610,000 and other bonds which have either been refunded by the Series 1992 Bonds or are no longer Outstanding.

C. The Issuer derives revenues from the System. Revenues of the System of the Issuer are currently pledged for payment of the Series 1992 Bonds. Except for such pledges thereof to secure and pay the Series 1992 Bonds, said revenues are not pledged or encumbered in any manner.

D. The Issuer intends to issue the Series 1995 Bonds, and to pledge for payment thereof, on a parity with the pledge thereof for the Series 1992 A Bonds, the Gross Revenues of the System.

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding and defeasance of the Prior Bonds, to provide for the repair, maintenance and operation of the System, the payment of interest upon all Bonds issued pursuant to the Act and to create a sinking fund, as hereinafter provided, to pay the principal thereof as and when it becomes due and reasonable reserves therefor, to provide an adequate depreciation fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 1995 Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 1995 Bonds show a net present value saving to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 1995 Bonds.

G. The Issuer shall not sell the Series 1995 Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F, above, based upon the actual principal amount, maturity schedule and interest rates for the Series 1995 Bonds, and the Issuer shall not issue the Series 1995 Bonds without having obtained from an independent certified public accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon its review, comparison and analysis of the net interest cost in dollars of the Series 1995 Bonds and the net interest cost in dollars of the Prior Bonds.

H. Subject to the determination and certification required by paragraph G above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 1995 Bonds and secure the Series 1995 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the moneys in the Reserve Account, unexpended proceeds of the Series 1995 Bonds and as further set forth herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the ownership and operation of the System and issuance of the Series 1995 Bonds or will have so complied prior to issuance of any thereof.

J. The Series 1995 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT A, attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 1995 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1995 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, and the execution and issuance of the Series 1995 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall own or hold the same from time to time, this

Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING OF THE PRIOR BONDS

Section 2.01. Authorization of Refunding of Prior Bonds. All Prior Bonds Outstanding as of the date of issuance of the Series 1995 Bonds, in the aggregate principal amount of $19,055,000 are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement. The pledge of Gross Revenues in favor of the Holders of the Prior Bonds imposed by the Prior Ordinance, the moneys in the funds and accounts created by the Prior Ordinance and any other funds pledged by the Prior Ordinance thereto are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 1995 Bonds and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Trustee charges to become due and payable in connection with the Prior Bonds and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of, redemption premium, if any, and interest on the Prior Bonds as the same become due, to the first redemption date thereof, being June 1, 2002, and on such date, to pay the Redemption Price of the Prior Bonds, all as prescribed by the Escrow Agreement. Contemporaneously with the deposit of such Series 1995 Bonds proceeds and other moneys into the Escrow Fund, the amount on deposit in the sinking funds, including the reserve accounts therein, and all other funds and accounts created and maintained on behalf of the Prior Bonds shall be deposited in the Escrow Fund, the Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or in the Supplemental Resolution, and invested as provided therein.

ARTICLE III

THE BONDS

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

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

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

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

execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A, attached hereto and incorporated herein by reference with respect to the Series 1995 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance.

All Bonds surrendered in any such transfer or exchange shall forthwith be cancelled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

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

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

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first

mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

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

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random

selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

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

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

(1) The redemption date,

(2) The redemption price,

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

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

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

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

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with

said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

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

In addition to the foregoing notice, further notice as set out below shall be given by the Registrar, at the instruction of the Issuer, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each bond being redeemed; (iv) the maturity date of each bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to the Bond Buyer, of New York, New York, and all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

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

Section 3.10. Issuance of Series 1995 Bonds. A. For the purposes of refunding all of the Outstanding Prior Bonds of the Issuer, funding a reserve account for the Series 1995 Bonds and paying costs in connection with such refunding and the issuance of such Series 1995 Bonds, or any of the above purposes, there shall be issued the Series 1995 Bonds of the Issuer, in an aggregate principal amount of not more than $24,000,000. The Series 1995 Bonds shall be designated "Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1995" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1995 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1995 Bonds shall be numbered from R-1 consecutively upward. The Series 1995 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Delivery of Series 1995 Bonds. The Issuer shall execute and deliver the Series 1995 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 1995 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the Original Purchaser;

(C) Copies certified by the Clerk of this Ordinance and the Supplemental Resolution;

(D) The unqualified approving opinion upon the Series 1995 Bonds by Bond Counsel.

Section 3.12. Form of Series 1995 Bonds. The Series 1995 Bonds shall be substantially in the form set forth in "EXHIBIT A - FORM OF SERIES 1995 BOND"; attached hereto and incorporated herein by reference, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance or the Supplemental Resolution or as are deemed necessary by the Registrar and the Issuer, including any variations necessary to render the Series 1995 Bonds DTC-eligible.

Section 3.13. Disposition of Proceeds of Series 1995 Bonds. A. Upon the issuance and delivery of the Series 1995 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(i) All interest accrued on the Series 1995 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 1995 Bonds Subaccount in the Sinking Fund and applied to payment of interest on the Series 1995 Bonds.

(ii) The amount of the Series 1995 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding of the Prior Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

(iii) The amount of Series 1995 Bond proceeds, together with other moneys or securities deposited therein equal to the Series 1995 Bonds Reserve Account Requirement shall be remitted to the Bond Commission for deposit in the Series 1995 Bonds Subaccount in the Reserve Account.

(iv) The balance of the proceeds of the Series 1995 Bonds shall be deposited with the Depository Bank in the 1995 Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of

issuance of the Series 1995 Bonds and miscellaneous costs of refunding the Prior Bonds. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 90 days of the Closing Date, such unapplied proceeds shall thereupon be transferred by the Issuer and deposited in the Sinking Fund. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 1995 Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Subaccounts with Depository Bank. Pursuant to this Article IV, the following special funds and subaccounts are created (or continued, if previously created by the Prior Ordinance) with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, (except as set forth in this Section 4.01) and used solely for the purposes provided herein:

(A) Revenue Fund;

(B) Depreciation Fund;

(C) Operation and Maintenance Fund;

(D) Costs of Issuance Fund; and

(E) Rebate Fund.

Moneys in such Funds may be commingled and aggregated by the Depository Bank if so directed by the Issuer, for purposes of investment of such funds, but separate accounting shall be maintained for each such fund.

Section 4.02. Establishment of Funds, Accounts and Subaccounts with Bond Commission. Pursuant to this Article IV, the following special funds, accounts and subaccounts are hereby established (or continued, if previously created by the Prior Ordinance) with and shall be held by the Bond Commission:

(A) Sinking Fund, and within the Sinking Fund:

(a) Series 1992 A Bonds Subaccount; and

(b) Series 1995 Bonds Subaccount.

(i) Reserve Account, and within the Reserve Account:

(a) Series 1992 A Bonds Subaccount; and

(b) Series 1995 Bonds Subaccount.

(ii) Redemption Account, and within the Redemption Account:

(a) Series 1992 A Bonds Subaccount; and

(b) Series 1995 Bonds Subaccount.

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

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

(1) The Issuer shall first, from the moneys in the Revenue Fund, on the first day of each month, apportion and set apart out of the Revenue Fund and remit to the Bond Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next ensuing semiannual interest payment date is greater or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Sinking Fund shall be reduced by the amount of accrued interest on the Series 1995 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Sinking Fund shall be reduced by the amount of any earnings credited to the Sinking Fund.

The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Sinking Fund, and in the Redemption Account therein in the case of Term Bonds which are to be redeemed, on the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment or mandatory redemption date of the Bonds, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Bonds on the next ensuing principal payment or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit

in the Sinking Fund and the next ensuing principal payment or mandatory redemption date is greater or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds, whether by maturity or redemption prior to maturity and, with respect to the Reserve Account therein, any amounts necessary to fund the Reserve Account to maintain the Reserve Account Requirement or any reimbursement which may be payable under a financial guaranty agreement, if applicable. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on the Bonds then Outstanding, plus any amount which may be then payable pursuant to a Financial Guaranty Agreement.

As and when additional Bonds ranking on a parity with the Series 1995 Bonds are issued, provision shall be made for additional deposits into the Reserve Account sufficient to maintain the Reserve Account Requirement in accordance with the provisions hereof.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(2) The Issuer shall next, from the moneys remaining in the Revenue Fund each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(3) The Issuer shall next, from the moneys remaining in the Revenue Fund each month, apply such moneys, to the full extent necessary, for deposit

into the Reserve Account, as a result of a decrease in value of the Reserve Account below the Reserve Account Requirement or any withdrawal from the Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Reserve Account is less than the Reserve Account Requirement, or (ii) any amount is withdrawn from the Reserve Account for deposit into the Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be sufficient, and shall be used to restore the amount of cash or securities on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement; provided, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount deposited therein shall be equal to the Reserve Account Requirement.

In the event that moneys in the Revenue Fund are insufficient to replenish the Reserve Account to a value equal to the Reserve Account Requirement, the Issuer shall transfer moneys from the Depreciation Fund to the extent necessary for such purpose, provided, that the Issuer shall not be required to restore such deficiency when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

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

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, transfer to the Depreciation Fund a sum equal to not less than 5% of the Gross Revenues each month, exclusive of any payments for the account of the Reserve Account in the Sinking Fund. No further payments shall be required to be made into the Depreciation Fund when there shall have been deposited therein, and so long as there shall remain on deposit therein, the sum of $1,000,000.

Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in the Reserve Account (so that the amount on deposit therein is at least equal to the Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Fund (including the Reserve Account);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System;

(d) Upon resolution of the Issuer, moneys in the Depreciation Fund in excess of $1,000,000 may be transferred by the Issuer to the Redemption Account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining Revenues ("Surplus Revenues") to payment of debt service on subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

(6) If on any monthly payment date the Revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

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

C. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Account, shall be made on a parity basis and pro-rata, with respect to the Series 1995 Bonds, the Series 1992 A Bonds and any other parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such Series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

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

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

The following specific provision shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Depreciation Fund shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

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

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

applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(D) Notwithstanding the foregoing, all moneys deposited in the Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds of each series in such manner and to such extent as may be necessary, so that such Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on such Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate. 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1995 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

Section 5.04. Rebate Calculation. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation. The Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources.

Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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

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

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a parity first lien on the Gross Revenues derived from the operation of the System and all moneys in the Sinking Fund, including the Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized, and to make the payments into the Sinking Fund, all moneys and securities in the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Bonds herein authorized, on a parity basis, as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 1995 Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be

revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient at all times to produce Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to commence enactment of such rate ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination by the independent Consulting Engineers pursuant to their written report prepared in compliance with Section 6.10 hereof that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Bond Commission for deposit in the Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $100,000, the Issuer shall, in writing, determine that such property comprising a part of the

System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $100,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $100,000 and not in excess of $200,000, shall be deposited by the Issuer into the Depreciation Fund. Such payments of such proceeds into the Depreciation Fund or the Redemption Account shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

Section 6.08. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the Revenues of the System shall be issued after the

issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk of the Issuer a written statement by Independent Accountants, reciting the conclusion that the Net Revenues actually derived, from the System during the Fiscal Year preceding the date of the actual issuance of such additional parity Bonds, plus the increased annual Net Revenues expected to be received after the date of issuance of such parity Bonds shall not be less than 125% of the Maximum Annual Debt Service on the following:

(1) The Bonds then Outstanding;

(2) Any additional parity Bonds thereafter issued pursuant to the provisions contained in this Ordinance then Outstanding; and

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

The "increased annual Net Revenues expected to be received," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such additional parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The term "additional parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 1995 Bonds, and the Series 1992 A Bonds and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1995 Bonds and the Series 1992 A Bonds, and the Holders of any additional parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and

security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

No additional parity Bonds shall be valid unless authenticated pursuant to Section 3.03. Prior to such authentication, registration, if applicable, and delivery, the Registrar shall receive those documents prescribed by Section 3.11 with respect to the Series 1995 Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Bonds.

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

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, if any (excluding the Depreciation Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the additional parity Bonds.

Notwithstanding the foregoing, the Issuer may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the

System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Issuer, with the review of an insurance consultant, may elect to self-insure. If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

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

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer having custody of the Revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. Report of Consulting Engineers. The Issuer shall, at least once each year retain recognized qualified independent Consulting Engineers to review the operation, maintenance and repair of the System and to report to the Issuer in writing their recommendations and comments pertaining to the System, including the rate coverage of the System for each Fiscal Year. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available, upon request, to the Original Purchaser, any Bond Insurer and any Bondholder.

Section 6.11. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Gross Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other Gross Revenues derived from such operation of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System or waterworks portion thereof, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks portion thereof) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or

permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

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

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

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

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

Section 6.15. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser, any Bond Insurer and any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. Mandatory Sewer Connections. The mandatory use of the sewerage services of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the City of Wheeling and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage services of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by sewerage services of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for Private Business Use

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

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

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

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Municipal Bond Insurance Policy. The Issuer may apply for a Municipal Bond Insurance Policy for the Series 1995 Bonds and subsequent series of Bonds. In the event a Municipal Bond Insurance Policy is obtained for any series of Bonds, additional covenants and provisions relating to such series of Bonds as may be required by the applicable Bond Insurer as a condition to insuring such Bonds shall be set forth in a

Supplemental Resolution and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

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

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

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

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

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

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

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

(C) Bring suit upon the Bonds;

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

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

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

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

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the

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

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

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

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 1995 Bonds shall be appointed pursuant to the Supplemental Resolution. The City Manager of the Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

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

not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

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

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

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

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

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

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

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-Eligible.

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

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

period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

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

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or the following:

1. Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.

2. Resolution Funding Corp. (REFCORP) securities. Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

3. Pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U. S. or U. S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

4. Obligations issued by the following agencies which are backed by the full faith and credit of the U. S.:

   A. U. S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

   B. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership

   C. Federal Financing Bank

   D. General Services Administration
   Participation certificates

   E. U. S. Maritime Administration
   Guaranteed Title XI financing

   F. U. S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U. S. government guaranteed debentures
   U. S. Public Housing Notes and Bonds - U. S. government guaranteed public housing notes and bonds

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to the Closing Date for the Series 1995 Bonds, this Ordinance and any Supplemental Resolution may be amended, supplemented or modified in any way for any purpose without the consent of any Bondholder or other person. On or after the Closing Date, this Ordinance and any Supplemental Resolution may be amended, supplemented or modified in any way and at any time, so long as such amendment, supplement or modification does not materially adversely affect the rights of any Holders of the Bonds then Outstanding. In the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of any Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

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

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

signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

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

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

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

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

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

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a

notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

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

ISSUER

City of Wheeling
City Hall
1500 Chapline Street
Wheeling, West Virginia 26003
Attention: City Manager

ORIGINAL PURCHASER

Legg Mason Wood Walker, Inc.
Two PNC Plaza, 19th Floor
Pittsburgh, Pennsylvania 15222

Hazlett, Burt & Watson, Inc.
1300 Chapline Street
Wheeling, West Virginia 26003

REGISTRAR AND PAYING AGENT

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

DEPOSITORY BANK

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

BOND INSURER

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

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

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

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

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

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

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed provided however, that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall prevail.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in The Intelligencer, a newspaper published and having a general circulation in the City of Wheeling, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance

of the Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on January 2, 1996, at 7:30 p.m., in the meeting room of the Council in the City Hall of the City of Wheeling and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

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

First Reading:	December 5, 1995
Second Reading:	December 19, 1995
Effective following Public Hearing held on:	January 2, 1996

[SEAL]

Mayor

Jimmy E. Curnes

City Manager

ATTEST:

Janice L. Jones

City Clerk

APPROVED AS TO FORM:

By _____

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of the CITY OF WHEELING at a regular meeting of the City Council held at 7:30 p.m., on January 2, 1996, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in the City of Wheeling, the first publication having been not less than 10 days prior to such public hearing.

Dated this 8th day of January, 1997.

[SEAL]

Bruce L Jones

City Clerk

EXHIBIT A - [FORM OF SERIES 1995 BOND]

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WHEELING (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND, SERIES 1995

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WHEELING, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1 of each year, beginning June 1, 1996 (each an "Interest Payment Date") until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each

May 15 and November 15) at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Interest Payment Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Wheeling, West Virginia.

This Bond is one of a series of bonds in the aggregate principal amount of $_____ designated "City of Wheeling Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1995" (the "Series 1995 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 1995, the proceeds of which are to be used, together with other funds of the Issuer, (i) to refund certain combined waterworks and sewerage system revenue bonds issued by the Issuer and outstanding in the aggregate principal amount of $_____, and defined in the hereinafter described Ordinance as the "Prior Bonds," which Prior Bonds were issued to finance and refinance the costs of acquisition and construction of certain municipal combined waterworks and sewerage facilities and additions, betterments and improvements thereto (collectively, the "System"); (ii) to fund a reserve account for the Series 1995 Bonds; and (iii) to pay certain costs of issuance of the Series 1995 Bonds and miscellaneous costs of such refunding. The Series 1995 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and Chapter 13, Article 2E of the West Virginia Code of 1931, as amended (the "Refunding Act"), and an ordinance duly enacted by the City Council of the City on _____, 1995, and supplemented by a supplemental resolution duly adopted by said Council on _____, 1995 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 1995 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of Wheeling, West Virginia.

The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.

THE SERIES 1995 BONDS ARE ISSUED ON A PARITY WITH RESPECT TO LIEN, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992 A, DATED MAY 1, 1992, HERETOFORE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,925,000 (THE "SERIES 1992 A BONDS").

The Series 1995 Bonds maturing on or after June 1, _____, are redeemable prior to their stated dates of maturity at the option of the City on or after June 1, _____, in whole at any time or in part on any interest payment date, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the redemption price of par, plus interest accrued to the date fixed for redemption.

The Series 1995 Bonds maturing on June 1, _____, are subject to mandatory sinking fund redemption prior to maturity, in part by random selection as may be determined by the Registrar, on June 1 of the years and in the principal amounts as set forth below, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption, without premium:

Year (June 1)	Amount

*By maturity

Notice of any redemption of the Series 1995 Bonds, unless waived, shall be given by the Registrar by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 1995 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Series 1995 Bonds or portions of the Series 1995 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Series 1995 Bonds or portions of Series 1995 Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 1995 Bond.

The Series 1995 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, all moneys in the Sinking Fund established under the Ordinance, and unexpended proceeds of the Bonds, and the City hereby and in the Ordinance pledges such revenues and moneys to such payment, on a parity with the Series 1992 A Bonds, until redemption thereof. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Ordinance and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 1995 Bond does not constitute an indebtedness of the City within any constitutional or statutory provision or limitation, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Sinking Fund and said unexpended Bond proceeds. Under the Ordinance, the City has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 125% of the maximum annual amount required to pay the interest and principal as the same become due and accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered and to make any required payments into the Reserve Account. Such required payments on behalf of the principal of and interest on all such bonds shall constitute a charge upon the Gross Revenues of the System. The City has entered into certain further covenants with the registered owners of the Series 1995 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 1995 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Series 1995 Bonds except for accrued interest thereon, shall be applied solely to refund the Prior Bonds, to fund a reserve account for the Series 1995 Bonds and to pay certain issuance and other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds.

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

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

This Bond is, under the Act and the Refunding Act exempt from taxation by the State of West Virginia, except inheritance, estate and transfer taxes.

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

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this 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.

IN WITNESS WHEREOF, the CITY OF WHEELING has caused this Bond to be signed by its Mayor and its City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

(Manual or Facsimile Signature)
City Manager

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Series 1995 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner designated above on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, Bond Counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

01/03/96
COWJ.A2
964250/95002

THE CITY OF WHEELING
(WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 1997

SECOND SUPPLEMENTAL AND AMENDATORY RESOLUTION

RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING AND APPROVING CERTAIN AMENDMENTS TO THE BOND ORDINANCE AUTHORIZING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City of Wheeling (the "Issuer"), in the County of Ohio, State of West Virginia, is a municipal corporation of said State, the governing body of which is this Council;

WHEREAS, the Issuer has previously issued its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997 (the "Series 1997 Bonds"), pursuant to the Bond Ordinance enacted on January 2, 1996 (the "Series 1997 Ordinance");

WHEREAS, the Issuer hereby desires to amend certain provisions of the Series 1997 Ordinance and the bond insurer of the Series 1997 Bonds, Financial Guaranty Insurance Company ("FGIC") has hereby approved the amendment to the Series 1997 Ordinance;

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Series 1997 Ordinance; and

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted and that the Series 1997 Ordinance be amended;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF WHEELING HEREBY RESOLVES:

Section 1. The Issuer hereby consents to the following amendments to Section 6.04 of the Series 1997 Ordinance, with strike-through indicating deleted language and underlines indicating added language:

Section 6.04. Rates. Prior to the issuance of the Series 1995 Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time ~~in effect~~ enacted with all appeals having expired shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

Section 2. The Issuer hereby covenants to, within 30 days following a determination by the independent Consulting Engineers pursuant to their written report prepared in compliance with Section 6.10 of the Series 1997 Ordinance that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, (i) notify FGIC of such event, and (ii) commence enactment of such rate ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System, such increase to provide rates and charges sufficient to produce such required coverage.

Section 3. FGIC, as bond insurer of the Series 1997 Bonds, has hereby consented to the amendment to the Series 1997 Ordinance and a copy of the Consent is attached hereto as Exhibit A and incorporated herein by reference.

Section 4. This Resolution shall take effect immediately upon its adoption.

Adopted this 5th day of September, 2006.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the City Council of the CITY OF WHEELING at a regular meeting of the City Council held at 7:00 p.m., on September 5, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 5th day of September, 2006.

[SEAL]

Janice L. Jones
City Clerk

08/24/06
964250.00042

CH840752.2

EXHIBIT A

CONSENT TO AMENDMENT FROM FGIC

$20,600,000
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 1997

CONSENT TO AMENDMENT

Pursuant to the provisions of Section 10.01 of the Ordinance (the "Ordinance") authorizing the issuance of the City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997 (the "Bonds"), Financial Guaranty Insurance Company ("FGIC"), as insurer of the Bonds, hereby consents to the following amendments to Section 6.04 of such Ordinance, with strike-through indicating deleted language and underlines indicating added language:

Section 6.04. Rates. Prior to the issuance of the Series 1995 Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time ~~in effect~~ <u>enacted with all appeals having expired</u> shall be sufficient at all times to produce <u>projected annual</u> Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to commence enactment of such rate ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination by the independent Consulting Engineers pursuant to their written report prepared in compliance with Section 6.10 hereof that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

IN WITNESS WHEREOF, FINANCIAL GUARANTY INSURANCE COMPANY has caused its corporate name to be subscribed hereto this 15th day of August, 2006.

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Name: Timothy Tattam
Its: Authorized Representative

$20,600,000
CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS, SERIES 1997

CONSENT TO AMENDMENT

Pursuant to the provisions of Section 10.01 of the Ordinance (the "Ordinance") authorizing the issuance of the City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated January 1, 1997 (the "Bonds"), Financial Guaranty Insurance Company ("FGIC"), as insurer of the Bonds, hereby consents to the following amendments to Section 6.04 of such Ordinance, with strike-through indicating deleted language and underlines indicating added language:

Section 6.04. Rates. Prior to the issuance of the Series 1995 Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time ~~in effect~~ enacted with all appeals having expired shall be sufficient at all times to produce projected annual Net Revenues equal to not less than the sum of (i) 125% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year, and (ii) the amount, if any, required to be deposited in the Reserve Account in order to satisfy the Reserve Account Requirement within a period of not more than 12 months, assuming equal payments are made each month. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to commence enactment of such rate ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination by the independent Consulting Engineers pursuant to their written report prepared in compliance with Section 6.10 hereof that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

IN WITNESS WHEREOF, FINANCIAL GUARANTY INSURANCE COMPANY has caused its corporate name to be subscribed hereto this 15th day of August, 2006.

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Name: Timothy Tattam
Its: Authorized Representative

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Sources & Uses

Dated 09/26/2006 | Delivered 09/26/2006

Sources Of Funds	
Par Amount of Bonds	$12,000,000.00
Reoffering Premium	306,639.45
Transfer from Series 2003 A Bond Funds	182,666.00
Total Sources	**$12,489,305.45**

Uses Of Funds	
Total Underwriter's Discount (0.975%)	117,000.00
Costs of Issuance	109,000.00
Gross Bond Insurance Premium (85.0 bp)	193,676.63
Deposit to Debt Service Reserve Fund (DSRF)	775,237.50
Deposit to Project Construction Fund	10,854,546.99
Payoff of the Series 2003 A	439,844.33
Total Uses	**$12,489,305.45**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		Dollar Price
06/01/2008	Serial Coupon	3.750%	3.570%	215,000.00	100.287%		215,617.05
06/01/2009	Serial Coupon	3.750%	3.580%	225,000.00	100.427%		225,960.75
06/01/2010	Serial Coupon	3.750%	3.610%	235,000.00	100.474%		236,113.90
06/01/2011	Serial Coupon	3.750%	3.640%	240,000.00	100.465%		241,116.00
06/01/2012	Serial Coupon	3.750%	3.680%	250,000.00	100.351%		250,877.50
06/01/2013	Serial Coupon	4.000%	3.730%	260,000.00	101.579%		264,105.40
06/01/2014	Serial Coupon	4.000%	3.780%	270,000.00	101.450%		273,915.00
06/01/2015	Serial Coupon	4.125%	3.830%	280,000.00	102.156%		286,036.80
06/01/2016	Serial Coupon	4.125%	3.890%	290,000.00	101.876%		295,440.40
06/01/2017	Serial Coupon	4.125%	3.950%	305,000.00	101.391%	c	309,242.55
06/01/2021	Term 1 Coupon	5.000%	4.170%	1,365,000.00	106.549%	c	1,454,393.85
06/01/2026	Term 2 Coupon	4.250%	4.380%	2,095,000.00	98.291%		2,059,196.45
06/01/2036	Term 3 Coupon	5.250%	4.410%	2,970,000.00	106.554%	c	3,164,653.80
06/01/2036	Term 4 Coupon	4.750%	4.620%	3,000,000.00	100.999%	c	3,029,970.00
Total	-	-	-	**$12,000,000.00**	-	-	**$12,306,639.45**

Bid Information

Par Amount of Bonds	$12,000,000.00
Reoffering Premium or (Discount)	306,639.45
Gross Production	$12,306,639.45
Total Underwriter's Discount (0.975%)	$(117,000.00)
Bid (101.580%)	12,189,639.45
Total Purchase Price	$12,189,639.45
Bond Year Dollars	$224,671.67
Average Life	18.723 Years
Average Coupon	4.8005546%
Net Interest Cost (NIC)	4.7161473%
True Interest Cost (TIC)	4.6304048%

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule

Date	Principal	Interest	Total P+I
06/01/2007	-	378,861.02	378,861.02
06/01/2008	215,000.00	556,693.76	771,693.76
06/01/2009	225,000.00	548,631.26	773,631.26
06/01/2010	235,000.00	540,193.76	775,193.76
06/01/2011	240,000.00	531,381.26	771,381.26
06/01/2012	250,000.00	522,381.26	772,381.26
06/01/2013	260,000.00	513,006.26	773,006.26
06/01/2014	270,000.00	502,606.26	772,606.26
06/01/2015	280,000.00	491,806.26	771,806.26
06/01/2016	290,000.00	480,256.26	770,256.26
06/01/2017	305,000.00	468,293.76	773,293.76
06/01/2018	315,000.00	455,712.50	770,712.50
06/01/2019	335,000.00	439,962.50	774,962.50
06/01/2020	350,000.00	423,212.50	773,212.50
06/01/2021	365,000.00	405,712.50	770,712.50
06/01/2022	385,000.00	387,462.50	772,462.50
06/01/2023	400,000.00	371,100.00	771,100.00
06/01/2024	420,000.00	354,100.00	774,100.00
06/01/2025	435,000.00	336,250.00	771,250.00
06/01/2026	455,000.00	317,762.50	772,762.50
06/01/2027	475,000.00	298,425.00	773,425.00
06/01/2028	500,000.00	274,687.50	774,687.50
06/01/2029	525,000.00	249,687.50	774,687.50
06/01/2030	550,000.00	223,450.00	773,450.00
06/01/2031	575,000.00	195,950.00	770,950.00
06/01/2032	605,000.00	167,212.50	772,212.50
06/01/2033	635,000.00	136,975.00	771,975.00
06/01/2034	670,000.00	105,237.50	775,237.50
06/01/2035	700,000.00	71,737.50	771,737.50
06/01/2036	735,000.00	36,737.50	771,737.50
Total	**$12,000,000.00**	**$10,785,486.12**	**$22,785,486.12**

Yield Statistics

Bond Year Dollars	$224,671.67
Average Life	18.723 Years
Average Coupon	4.8005546%
Net Interest Cost (NIC)	4.7161473%
True Interest Cost (TIC)	4.6304048%
Bond Yield for Arbitrage Purposes	4.5756003%
All Inclusive Cost (AIC)	4.8450548%

IRS Form 8038

Net Interest Cost	4.5325477%
Weighted Average Maturity	18.786 Years

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule

Date	Principal	Interest	Total P+I
12/01/2006	-	-	-
06/01/2007	-	378,861.02	378,861.02
12/01/2007	-	278,346.88	278,346.88
06/01/2008	215,000.00	278,346.88	493,346.88
12/01/2008	-	274,315.63	274,315.63
06/01/2009	225,000.00	274,315.63	499,315.63
12/01/2009	-	270,096.88	270,096.88
06/01/2010	235,000.00	270,096.88	505,096.88
12/01/2010	-	265,690.63	265,690.63
06/01/2011	240,000.00	265,690.63	505,690.63
12/01/2011	-	261,190.63	261,190.63
06/01/2012	250,000.00	261,190.63	511,190.63
12/01/2012	-	256,503.13	256,503.13
06/01/2013	260,000.00	256,503.13	516,503.13
12/01/2013	-	251,303.13	251,303.13
06/01/2014	270,000.00	251,303.13	521,303.13
12/01/2014	-	245,903.13	245,903.13
06/01/2015	280,000.00	245,903.13	525,903.13
12/01/2015	-	240,128.13	240,128.13
06/01/2016	290,000.00	240,128.13	530,128.13
12/01/2016	-	234,146.88	234,146.88
06/01/2017	305,000.00	234,146.88	539,146.88
12/01/2017	-	227,856.25	227,856.25
06/01/2018	315,000.00	227,856.25	542,856.25
12/01/2018	-	219,981.25	219,981.25
06/01/2019	335,000.00	219,981.25	554,981.25
12/01/2019	-	211,606.25	211,606.25
06/01/2020	350,000.00	211,606.25	561,606.25
12/01/2020	-	202,856.25	202,856.25
06/01/2021	365,000.00	202,856.25	567,856.25
12/01/2021	-	193,731.25	193,731.25
06/01/2022	385,000.00	193,731.25	578,731.25
12/01/2022	-	185,550.00	185,550.00
06/01/2023	400,000.00	185,550.00	585,550.00
12/01/2023	-	177,050.00	177,050.00
06/01/2024	420,000.00	177,050.00	597,050.00
12/01/2024	-	168,125.00	168,125.00
06/01/2025	435,000.00	168,125.00	603,125.00
12/01/2025	-	158,881.25	158,881.25
06/01/2026	455,000.00	158,881.25	613,881.25
12/01/2026	-	149,212.50	149,212.50
06/01/2027	475,000.00	149,212.50	624,212.50
12/01/2027	-	137,343.75	137,343.75
06/01/2028	500,000.00	137,343.75	637,343.75

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule

Date	Principal	Interest	Total P+I
12/01/2028	-	124,843.75	124,843.75
06/01/2029	525,000.00	124,843.75	649,843.75
12/01/2029	-	111,725.00	111,725.00
06/01/2030	550,000.00	111,725.00	661,725.00
12/01/2030	-	97,975.00	97,975.00
06/01/2031	575,000.00	97,975.00	672,975.00
12/01/2031	-	83,606.25	83,606.25
06/01/2032	605,000.00	83,606.25	688,606.25
12/01/2032	-	68,487.50	68,487.50
06/01/2033	635,000.00	68,487.50	703,487.50
12/01/2033	-	52,618.75	52,618.75
06/01/2034	670,000.00	52,618.75	722,618.75
12/01/2034	-	35,868.75	35,868.75
06/01/2035	700,000.00	35,868.75	735,868.75
12/01/2035	-	18,368.75	18,368.75
06/01/2036	735,000.00	18,368.75	753,368.75
Total	**$12,000,000.00**	**$10,785,486.12**	**$22,785,486.12**

Yield Statistics

Bond Year Dollars	$224,671.67
Average Life	18.723 Years
Average Coupon	4.8005546%
Net Interest Cost (NIC)	4.7161473%
True Interest Cost (TIC)	4.6304048%
Bond Yield for Arbitrage Purposes	4.5756003%
All Inclusive Cost (AIC)	4.8450548%

IRS Form 8038

Net Interest Cost	4.5325477%
Weighted Average Maturity	18.786 Years

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule - 2021 Term Bond

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	46,447.92	46,447.92
06/01/2008	-	-	68,250.00	68,250.00
06/01/2009	-	-	68,250.00	68,250.00
06/01/2010	-	-	68,250.00	68,250.00
06/01/2011	-	-	68,250.00	68,250.00
06/01/2012	-	-	68,250.00	68,250.00
06/01/2013	-	-	68,250.00	68,250.00
06/01/2014	-	-	68,250.00	68,250.00
06/01/2015	-	-	68,250.00	68,250.00
06/01/2016	-	-	68,250.00	68,250.00
06/01/2017	-	-	68,250.00	68,250.00
06/01/2018	315,000.00	5.000%	68,250.00	383,250.00
06/01/2019	335,000.00	5.000%	52,500.00	387,500.00
06/01/2020	350,000.00	5.000%	35,750.00	385,750.00
06/01/2021	365,000.00	5.000%	18,250.00	383,250.00
Total	**$1,365,000.00**	**-**	**$903,697.92**	**$2,268,697.92**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule - 2026 Term Bond

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	60,594.97	60,594.97
06/01/2008	-	-	89,037.50	89,037.50
06/01/2009	-	-	89,037.50	89,037.50
06/01/2010	-	-	89,037.50	89,037.50
06/01/2011	-	-	89,037.50	89,037.50
06/01/2012	-	-	89,037.50	89,037.50
06/01/2013	-	-	89,037.50	89,037.50
06/01/2014	-	-	89,037.50	89,037.50
06/01/2015	-	-	89,037.50	89,037.50
06/01/2016	-	-	89,037.50	89,037.50
06/01/2017	-	-	89,037.50	89,037.50
06/01/2018	-	-	89,037.50	89,037.50
06/01/2019	-	-	89,037.50	89,037.50
06/01/2020	-	-	89,037.50	89,037.50
06/01/2021	-	-	89,037.50	89,037.50
06/01/2022	385,000.00	4.250%	89,037.50	474,037.50
06/01/2023	400,000.00	4.250%	72,675.00	472,675.00
06/01/2024	420,000.00	4.250%	55,675.00	475,675.00
06/01/2025	435,000.00	4.250%	37,825.00	472,825.00
06/01/2026	455,000.00	4.250%	19,337.50	474,337.50
Total	**$2,095,000.00**	-	**$1,581,669.97**	**$3,676,669.97**